P 1810E

App. F. IX-4

Previous References 1933.4 (Seri)

File No. 107-33

Serial Nos. 1-10

r References.
Rev 49-35 (1,2,6) Previous

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Gen

Part B for

SUBJECT.

Establishment of a sick wastes spinning factory in Mysore.

WD 03607—GPB—22,500—2-8-35

Serial No.

From the Director of Ire
Do. no 6297 of 20.6.1934
Forwards a detailed note & Estimate re the establishment of a Silk Waste Spining Factory in the State and states that he is taking steps to canvass public support to float a company and requests that when the company is floated, Govt may sanction the subscription of a tangible portion of the Capital.

The capital required is about Rs 5 lakhs, and expected to yield 7% the working expenses expected to amount to Rs. 1,73,900.

2 The Financial Secretary will have to be consulted in regard to the proposal to invest Govt money in the Concern.

wm 26/6 3 Govt have taken 60% of the Shares in the Mysore Sugar Manufacturing Co. Whether Govt can take up Shares in the Company proposed to be formed for running a Silk waste Spinning Factory is for consideration and if so, what portion of the authorized Capital will be subscribed for are for decision in consultation with the Finl Sec

KD 26/6

Please see linked file also Where the Sassoon Mills of Bombay have decided to undertake to spin Ya - for Silk Waste, we may support Seri 30-33

NOTE—Contn. Sheet.

WD 01536—GPB—7,500—5-4-34

5051

File No. of 193 . General and Revenue Secretariat

4 The Dir's note indicates the urgent necessity for the establishment of a Silk Waste Spinning Factory, and furnishes an estimate of cost

5 Considers that silk waste is the most important by-product of the Sericultural industry, the quantities of such silk waste & pierced cocoons that would be available for the manufacture of spun silk yarn, and the available markets for the yarn, in Mysore & in India, the scheme outlined in the note is calculated to give a definite impetus to the Mysore Silk industry by lowering the cost of production of silk.

6 The Dir states that he is taking steps to canvass public support to float a Company. It would be enough for the present, perhaps, to accord general approval of the scheme & to request the Dir to formulate definite proposals about the floating of a Company.

7 It is possible that this aspect of the industry would also come up for consn at the ensuing Industries Conf^ce at Simla next month, during discussions on further work to be done on Sericultural research.

8 As regards the question of funds for the scheme & the extent and nature of the participation by Govt in the establishment of the factory & the floating of a Company in connection therewith, H Sec^y may be consulted.

Dev Sec^y)

WC 27/6/24

SECRET
27 JUN.
S-2 Ce 2

Establishment of a Silk Waste Spinning Factory

General and Revenue Secretariat | File No. 107 of 1933. | [App. F. III—2

Urgent

Serial No.

1 Please put up copy of the printed note

XX 3.7.34.

10 Sub'd 3/7/34

2 A copy of the note is put up.

Flag Y. 3/7/34 11 The enclosures to the P.U.D. dealing with the scheme for the Establishment of a Silk Waste Spinning factory, since obtained from the Dir's Office today, are put up for perusal. (These enclosures have not been printed).

12 Also, a copy of the printed note, dealing with this Scheme & urging for a grant of Rs 68,000/- from the Govt of India, for the grant available for Sericultural Research, is herewith put up.

Flag T

13 Vide also Letter no. Dy: 233-33 dated 25.7.34 from the Dir. of Ind. regarding the proposal to obtain Subsidy of 5% on the cap: cost. Assistance may be granted at the rate of 5% on the cap: for a period of 5 years from the date of Start of Operation

Dev. Sec'y) 3/7/34

Letter no. Dy. 15-3 of 28th August 1934 from the Dir. of Industries forwarding copy of the Proceedings of the Board of Industries dated 28th August 1934 and stating that separate action will be taken on receipt of orders on the report of the Dir. of Planting Industries &c.

14 Sub'd in Continuation.

15 It is proposed to instal a Silk waste Spinning plant at a Capital Cost of Rs. 4.25,000/- and the Factory as a Joint Stock Company with a Share Capital of Rs. 5 lakhs divided into 50,000 Shares of Rs. 10/- each.

NOTE—Contn. Sheet.

WD 0434—GPB—15,000—12-10-33

File No. Seri. 107 of 193 3

General and Revenue Secretariat

Serial No. Immediate

The Sikh Reservation wants Govt. to take shares in the proposed Co. up to a nominal limit of 5.0% of the total number and guarantee a return of 5% on the Capital Subscribed by the public for a period of at least 7 years. H. Secy. may be consulted.

17 The President, Sikh Reserv. wants orders of Govt. regarding the special grant of Rs. 50,000/- for Sericultural Improvement. This question is separately under Consideration.

4.11.34.

18 H. Secy may be consulted

(Dev Secy) WW 31/8/34

H. Secy

19 This question may be kindly Expedited.

by 14/9

20 There is a letter received from the Director which may be referred to

Mr. 18.9.

PS

The Secretary to Member 4.9.34 2718.

DEVELOPMENT SECRE 1357 1 SEP. 1934

Letter No. 84-233-34 of 3.9.34 from the Dir. soliciting orders of Govt. in the matter.

OFFICE OF THE FIRST MEMBER OF COUNCIL 13 SEPT. 1934 No. 20.39

General and Revenue Secretariat | File No. Seri 107 of 1933. | [App. F. III—2

Serial No.

Letter no D4-233-33 & 26-9-34 from the Dir. I.C. forwarding copy of Memo dated 24th Sept. 1934 from one Mr. V.C. Subbiah Goundar of Coimbatore announcing his intention to instal a Silk waste spinning plant in Mysore territory.

(21) Subd for perusal. The Dir. has written to Mr. Goundar to see him in connection with his details of the plant proposed to be installed by him. The question of floating a Company for working the Silk waste spinning plant is separately now for consideration.

D. 1064.34.
Seri. 107.33-4

K. 28.9.34.

Devt Secy) 29/9

(22) When the deputation from the Mysore Silk Association met the Dewan recently, the question of establishing a silk waste plant with the help of Government was referred to by some of the members. They were aware that Mr. Subbiah Goundar had an idea of putting up a plant in Mysore and that he was expected to discuss the question with the Director of Industries and Commerce. The members, however, were anxious that the management of the industry should be in the hands of the local people.

(23) The proposal to establish a waste spinning plant

NOTE—Contn. Sheet.

WD 01955—GPB—22,500—12-6-34

plant is primarily in the interests of the silk producer. If the sale of the waste which is a by - product is assured to the Mysore Sericulturist, he can produce silk at a much lower figure. In order to ensure that the silk producer is not at a disadvantage in fixing the price for the waste product and to see that the benefits of the purchase by the proposed spinning plant ~~which~~ is distributed equitably among a large proportion of the producers; it is perhaps desirable that Government should have a fairly large interest in the proposed plant.

24 The Director has explained that a fairly large quantity of Mysore waste was sent to Japan and spun there, and it is on the results of this, that his estimates are based.

25. Mr. Subbiah Goundar is thinking of installing a plant from the continent. He has also sent samples of Mysore waste for trial. I believe, a quantity of Mysore silk waste was also converted into yarn in Italy sometime ago. From the Director's letter, it looks as though he has received estimates from Italy and other places but has selected the Japanese equipment as perhaps being the cheapest. The information as received from Italy or other countries is not available. The revised estimates of capital and operation based on the most up-to-date practices may perhaps be obtained from all countries

Serial No.

countries and reviewed before finally deciding on the type of the plant.

6. Meanwhile, it is for consideration whether the assurance, asked for by the Director that Govt. will take a fair share in the capital of the New Concern when it is formed, may be given.

First Member through Financial Secretary.

MW. 10.10.34.

7752 12/10/34

WB

10/10/34

~~If a Company is going to be promoted, we may promise to guarantee a return of five per cent on the Capital subscribed by the public on the following conditions:~~ concessions may be allowed:

27 If a Company is going to be promoted, ~~we may promise to guarantee a return of five per cent on the Capital subscribed by the public on~~ the following concessions may be allowed:

(1) We need not take any portion of the shar capital but may agree to guarantee for a certain peri a minimum dividend of 5% from the time the Company begins to work and up to the time it continues to wor and not during the period of construction or after it ceases to work for any reason.

(2) The period of guarantee may be five year and not seven years.

(3) The amount paid by Government will be

NOTE—Contn. Sheet.

WD 01955—GPB—22,500—12-6-34

Starting of a Company for Silk waste Spinning &c.

File No. Ser 107 of 193 | General and Revenue Secretariat

treated as an advance carrying interest at 5% per annum repayable later from the extra pfofits realised.

(4) During the first 5 years, the Company should not declare a larger dividend than 5% unless the Government ~~ak~~ advance has been fully discharged. The profits left over, after paying a dividend of 5%, during each year, should be made over to Government towards repayment of the advance.

(5) The Government advance, if any, remaining unadjusted at the end of five years will be adjusted out of the profits left over, after paying a dividend of 5% at least one half of such ~~xxxx~~ excess profits being earmarked for the purpose and the balance alone being permitted to be distributed for payment of a higher rate of dividend or for other purposes.

(6) In any case, the advance should be adjusted within a period of 15 years at the most.

(7) The conditions mentioned by the Association for giving opportunities of control to Government may be adopted.

(8) In addition, the conditions attaching to State aided concerns, e.g., submission of Balance sheets etc may also be adopted.

OFFICE OF THE FIRST MEMBER OF COUNCIL 23 OCT. 1934 No. 3204

22/10

22/10

1562

General and Revenue Secretariat — Secret File No. 107 of 1932 — [App. F. III—2

Serial No. 28

DEWAN'S OFFICE 25 OCT 1934 No. 2820

The first may, I think, agree to guarantee 5% interest on the capital for a period of 7 years from the date that the factory comes into operation. First may also subscribe a small proportion of the capital if necessary. During the period of guarantee, excess income over 5% must be available to repay any sum paid first beyond this amount in favour of Keep bearing the payment if any first as an advance. I agree to first Secy's para 7(1)(8)

kkc 23/10/34

Dewan's

MM 25.10.34.

WD 25/10/34

29 M 25-10-34

Council matter

Chief Secretary's with compliments

MM 25.10.34.

WD 26/10/34

Cir.

RL 26/10.

RL

NOTE—Contn. Sheet.

WD 01955—GPB—22,500—12-6-34

5

(For Disposal at a Meeting)

No. C. 109
of 1934

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT

(clause XII of the schedule)

Proposal to establish a Silk Waste Spinning Factory in the State and to float a company with Government support for the purpose.

30 CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

R. Rangaka

Chief Secretary to Government.

26th October 1934.

3312/29/10 First Member of Council.

Second Member of Council.

3109/30/+

Ser 107-33

11

Extract from the Proceedings of the.....929th.....*Meeting of the Council of His Highness the Maharaja, held at Bangalore on the*.....9th November 1934.....*19*

35. Subject. - Clause xii of the schedule.

Proposal to establish a Silk Waste Spinning Factory in the State, and to float a company with Government support for the purpose.

OPINION OF THE COUNCIL.

31 The proposals contained in the First Member's minute dated 23rd October 1934 may be approved.

(Signed) MIRZA M. ISMAIL,

Dewan of Mysore.

32) For favour of Concurrence

Fri. Secy.)

"EXTRACT"

R. Rangaraos -

RS
10/11/34

Chief Secretary to Government.

WD 1471—GPB—2,600—1-3-21

1382 C 119 12

Serial No.

33 If it is laid down that Government will guarantee 5% interest on the Capital for a period of 7 years, the Company may be ~~induced~~ tempted either to overspend or create a secret reserve during this period with a view to show as small a profit as possible.

34 When Government make any contribution to a private body on the ground that the profits derived are not sufficient to pay the minimum dividend or interest on the capital raised, such contributions should be the first charge on any net profits subsequently realised by that Body in excess of what is required for paying the minimum dividend or interest as there is no object in Government paying a subsidy to a concern which is able to get more than a reasonable minimum return ~~of~~ from its own profits. This is the principle followed when a minimum return is guaranteed for branch Railway Lines. It is stated in the relation that the amount given by Government is treated as an advance and subsequently repaid or excess of profits over the guaranteed amount are shared equally with Government, vide paras 2 to 6 of G.O.No.Fl. 4932-61/G.F.163-13-1 dated 22nd April 1914, put up. When the excess over 5 per cent is going to be paid to Government towards the guaranteed amount paid by it during the first 7 years, as now proposed, there can be no objection to such payment being made subsequently also until the Government contribution is fully ~~x~~ repaid. I would suggest that this may be retained as it will not affect prejudicially either the Company or the Government.

OFFICE OF THE FIRST MEMBER, RAILWAY BOARD 3966 No.

35. No. The safeguards proposed in para 11 of the Resolution will serve the purpose.

36 The objection to these complicated arrangements is that they will repel investors.

NOTE—Contn. Sheet.

WD 01955—GPB—22,500—12-6-34

37 Please mark this Sec [illegible] Sec please have a D.F. prepared for sending the reply to Serial No. 36 yesterday 16/11 [illegible]

20.11.

13.

1762

File No. Ser 107 of 1933. General and Revenue Secretariat

Repe:- Para 37 above.

S. D.S.N. Subs for Consideration. Orders are solicited as to the amount limit Govt. may sanction subscribing Govt. may be empowered. (Vide Members minute at page 9 ante notes.

KBH 22.11.34. Dev. Secy 23/11

DEVELOPMENT SECTION 2884 23. NOV. 1934

Proceedings of the Ser. Board and Sec. N. Recommend note on the Subject are placed in the file. KG. 27.11.34.

39 Relyfpe

MW 10.12.34

WO 12/12

40 Typed D.S.N. Subs.

KB. 14.12.34

Sent round

Lr/7 91. Signed by Member.

MW 16.12.

D. S. N.

15/12/34

MW 17.12. XX

WO 17/12/34

42 D.S.N. put up in Manuscript.

KP 17.12.34. 43. Subs with a D.S.N.

Dewan) WO 17/12/34

OFFICE OF THE FIRST MEMBER OF COUNCIL 14 DEC 1934 No. 4852

TYPING SECTION 17 DEC. 1934

DEWAN'S OFFICE 18 DEC. 1934 No. 3364

44 JM 18-12-34

Final Note by the First Member of Council.

Subject:—

Establishment of a Silk-waste Spinning Factory in Mysore.

45 Mysore produces nearly 7 lakhs of pounds of silk waste every year and its proper utilisation is of great importance to the sericultural industry. Until recently the silk waste produced in reeling raw silk had a ready export market and the price obtained for this bye-product helped to reduce the cost of raw silk. On account of the present depression and other causes, hardly any silk-waste is imported from India by Italy and Japan and the waste is accumulating in the country. Silk-waste from Mysore was sent to Japan and Italy and spun into yarn and specifications have been obtained for a spinning plant to handle the silk-waste available here, together with estimates of capital cost and operation expenses.

46 The question of the utilisation of silk-waste in the manufacture of spun silk and starting of a factory therefor in Mysore has been considered in great detail by the Director of Industries and Commerce and the Mysore Silk Association both of whom recommend the starting of a factory in Mysore with an authorised share capital of five lakhs of rupees, divided into 50,000 shares of Rs.10 each, the entire capital being thrown open to the public for subscription. They also suggest that Government might guarantee a return of 5 per cent on the capital subscribed by the public for a period of at least seven years and that, in the event of the full capital not being subscribed by the public, Government might take up the necessary number of shares required to make up the deficiency subject to a maximum of 50 per cent of the total number. They have also suggested the adoption of the following safeguards with a view to secure the interests of Government in the concern.-

(a) Two out of seven Directors proposed for the Company to be

nominated

nominated by Government;

(b) the election of the Chairman to be subject to the approval of the Government;

(c) the appointment of the Secretary to be made with the approval of the Government;

(d) Government to have the right to cause the accounts of the Company to be inspected and audited at any time by their officers at their own cost;

(e) when any difference arises between the Company and the Government in regard to allocation of any expenditure or any other matter connected with the ascertainment of profits, the matter to be referred to the District Judge, Bangalore, for arbitration and decision, and

(f) the Company to abide generally by the advice of the Govern ment in respect of all items of expenditure during the period of guarantee.

47 The Financial Secretary who was consulted in the matter suggested certain modifications as indicated in paragraph 27, pages 7-8 of the notes. When the papers came up to me, I minuted as follows:-

E. Para 28 of Notes (F)

"The Government may, I think, agree to guarantee 5 per cent interest on the capital for a period of 7 years from the date that the Factory comes into operation. Government may also subscribe a small proportion of the capital if necessary. During the period of guarantee, excess return over 5 per cent must be available to repay anything paid by Government; beyond this, I am not in favour of treating the payments, if any, by Government as an advance".

48 The question was considered in Council on the 9th November 1934, and it was resolved that the proposals contained in my minute dated the 23rd October 1934 may be approved.

Page 11, Para 31 of Notes T F

49 The Financial Secretary to whom the papers were again referred for concurrence, suggests that the period of guarantee of interest be reduced to five years and that a clause may be inserted to the effect that the contribution, if any, to be made by Government to the Company should be the first charge on any net profits subsequently realised by that body in excess of what

Page 12, Para 34 of Notes

is required for paying the minimum dividend or interest. I am inclined to think that this would be a complicated arrangement and would repel likely investors.

50 This question was fully discussed at the first meeting of the Sericultural Board held on the 19th November 1934. The opinion was unanimous that a waste spinning factory should be established in Mysore as part of the development of the industry but a doubt was expressed whether its immediate starting would not increase the competition against raw silk and thus frustrate the very object with which it was started. Mr. N. Rama Rao, retired Director of Industries and Commerce and formerly Superintendent of Sericulture, is strongly of opinion that a silk waste spinning factory should not be started until the Government of India gives adequate protection for the local silk by enhanced protective duties and he has furnished a note giving the reasons for his opinion. The other members of the Board however, did not accept Mr. Rama Rao's arguments and they were of the opinion that the starting of a silk waste spinning factory should not be deferred.

51 I have carefully considered the arguments against the starting of a factory, but am not convinced of their soundness.

52 I solicit the gracious sanction of His Highness to the proposals contained in my minute of the 23rd October 1934 which have been approved by the Council.

Bangalore,
15th December 1934.

MEMBER OF COUNCIL.

Submitted to His Highness.

53 *I submit herewith a Final Note by the* First *Member of Council on the subject of* the establishment of a Silk-waste Spinning Factory ~~at Mysore~~ in the State, ...

.....

for His Highness' gracious approval.

Mirza M. Ismail

Bangalore, *Dewan.*

18th December 1934.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Establishment of a Silk-waste Spinning Factory in the State.

324

21/12/34

54

Order.

KRW

28/12/34

1562 C119 (19

General and Revenue
Secretariat

SUBJECT:- Establishment of a Silk waste Spinning factory in the State

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55

Circulated to Members of Council for perusal of His Highness' orders before/~~after~~ issue of orders. (*Vide Rules* 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Government.

Through the Secretary to Government,

Dev Department.

FIRST MEMBER OF COUNCIL.

SECOND MEMBER OF COUNCIL.

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Head-quarters and then sent to the Secretariat concerned for the issue of orders.

5086 21/12

24/15 22/12

NOTE.—Contn. sheet.

Dev. Secy. with 22/12

Compte

Rec 24/12 26/12 26/12

15b Silk waste Spinning factory

20

General and Revenue Secretariat | Sec. File No. 107 of 1933. | [App. F. III—2

Serial No.

5b
Draft G.O. Subd for consideration
4b HD
29/12/34 2.1.35.

Typed Soft please -
WD 2/1/35

57
Typed draft is Subd as directed
4b HD
3/1/35

58 Draft for approval.
Dev Secy 5/1.

3931
7.1.35

59
Draft revised & submitted as per personal instructions of the Secy.
4b
9/1/35

For appl
Dev Secy 10/1

60 10.1.

61 Issue
4/1

Fl. cent: 1086 For financial Secretary's opinion, please see page 12.
Draft and fair Subd.
4b
17/1
Fl. Secy) 17/1/35

62 There is one point on which I feel a doubt - Suppose for Example the Factory does not do any appreciable work or Even Shops work during the 7 years' period for some reason or other are we to pay the guaranteed amount? I think not - we have to pay only for the period it works & not when it is idle what does the Expression 'Factory Coming into operation' mean? The intention is that guarantee Should operate from the time it works and produces

NOTE—Contn. Sheet.

WD 01955—GPB—22,500—12-6-34

Silk Waste Spinning factory 1562

File No. 107 of 1933. General and Revenue Secretariat

yarn - This expression may perhaps be made quite clear -

20/1

21.1.35

Sd. forwarded

The wording "for a period of 7 years from the date that the factory comes into operation" is in accordance with the final note. ~~It means~~ It probably means that the interest is payable from the date the factory starts work. i.e the time for the commencement of the payment of interest is defined and the period of guarantee of interest is seven years. It is not the Stoppage of work after the factory is started can not be anticipated nor is such a contingency apprehended at present 424 22.1.35

Attention is respectfully invited to the Members minute in 36 supra on the margin of the Finl Secys note dated 16.11.34. (Flag H)

22.1.35 I think that the time to consider this similar points is when the Articles Association are to be drawn up. ~~after this company is~~

Dy Secy 22/1

Silk Waste Spinning Factory
1562

22.

General and Revenue Secretariat — Seri File No. — of 193 — [App. F. III—2

Serial No. 65

'Factory comes into operation' seems clear but may perhaps be clearer if 'Factory starts operation'.

66 In regard to the point about the interim order. The interest is guaranteed by Govt during the period of seven years even if the factory remains idle for some time for any reason. Govt will have sufficient control in that they will have two directors on the Board & the Chairman's casting vote will have the effect of them.

67 However there is another stage when the details can be settled before formal orders are issued. The present order is framed only on general principles

Jas Stephen
22.1.35.
dls 22/1

OFFICE OF THE FIRST MEMBER OF COUNCIL
23 JAN. 1935
No. 5397

68 The order as drafted is I think all right. It may issue.
(The file came back approved H.E. a month & 2 days ago — It is a fact that things are held up in this manner)
by
23/1/35

69 H. Seely with Compts
23.1.35.
dls 23/1

H-Com 1086

NOTE—Contn. Sheet.

WD 01955—GPB—22,500—12-6-34

70
24/1/35. Issue.
24/1/35.

General and Revenue Secretariat | File No. of 193 . | [App. F. III–2

Serial No.

From

The Director of I & C

DO No Dy. 233/33-34 Dt 23.2.35

Forwards a letter Dt 14.2.35 from Rajasaheb Bhusana Mr K.R. Srinivasa Iyengar enclosing a draft Prospectus and Memorandum and Articles of Acc^n for the Starting of the Nepal Silk Mills Ltd and requests Sanction of Govt thereto with certain observations.

71 The Director has forwarded the draft Memorandum prospectus and Articles of Association of the Concern and has recommended the following items :-

1) that the Subscription towards the Share Capital by Govt may be definitely fixed at Rs 50,000 (5000 Shares of Rs 10 each) and this figure included in the prospectus.

2) that the Share Capital of the Concern may be fixed at Rs 500000. He is not in favour of the Suggestion offered by Mr K.R. Srinivasa Iyengar to ~~nominally~~ raise the amount to 1000000/-

3) that the number of Directors may be fixed at 10, the number however being limited to 7 for the present, the Dr of I & C and Supdt of Sericulture ~~being~~ may be nominated as

Note–Contn. Sheet.

Govt Directors. The Selection of the remaining member ~~being~~ may be left to the discretion of Mr K.A. Srinivasa Iyengar and Dr. Ofg &c.

4) Mr K.A. Srinivasa Iyengar may be appointed as Chairman

5) Mr Shamshuddin (1) Khan may be appointed as General Manager on a pay of Rs 500/- (200 being deputn Govt) and that Mr A.J. Janakiram (2) may be posted as Manager of the Farm & Circle at Chennapatna during the absence of Mr Shamshuddin Khan on deputn on an allowance of Rs 20/- p.m. in addition to his Grade pay.

(1) He is drawing Rs 330/- as he will be entitled to 350/- from 1-6-35

(2) He is a Senior Sericulture Inspector in grade Rs 90-15/2-150

6) Mr B.S. Venkata Rao, who has been under training at his own Cost may be appointed as Technical Asst to the Manager on Rs 55/- p.m. This is a new appt. It is reported that Mr Venkata Rao is a Maharatta. This may perhaps be referred to CRS for information.

7) That arrangements may be made for Under Writing upto 2500 Shares on a Commission not exceeding 1½% inclusive of brokerage.

The Director is not in favour of adding any clause in the prospectus in respect of the obligations of the Concern in regard to the Subscription

Serial No.

of accounts, balance Sheet etc in View of the fact that such obligations are inherent in the prescribed Conditions as Contemplated in G.O No 4038-54/A+9 136-14-8 Dy 12.2.1916 & 4909-4/C.T. 196-181 Dy 3.4.1919.

A

B

Submitted With two drafts for orders

Case 28/V

73 The name of "Mysore Silk Mills Ltd" suggested is perhaps too general, and as the object of the present enterprise is the proper utilization of silk waste only the original proposal to call it "Mys. Silk Waste Spining Factory" is appears to be more appropriate.

& Tapiel

74 The authorized capital of the Concern may stand at 5 lakhs as suggested by the D^r., since any increase in capital may eventually Commit Govt to the payment of a larger amount than that contemplated by way of guaranteed dividends. For the present it will be enough to say that Govt would take up shares required to make up the deficiency subject to a maximum 50 % of the total issue in the event of public subscription fully short of the authorized amount, as already stated in the G.O.

Note–Contn. Sheet.

It may not be either desirable or necessary to specify the exact nos of shares that Govt will take up.

5. Regarding the directorate it may be advantageous to have either the Comptroller or the Jt Secy to Govt in addition to the Dir of I.H.C. & Supdt of Sericulture.

6. The proposal to nominate M.K.R. Srinivasa by name as the Chairman may be approved. Whether the nomination is to be for a certain period is for orders.

7. Orders re: the appointment of Mr Shamsuddin Khan & consequential arrangements may issue separately.

8. The proposals re: underwriting appear to be all right & may be approved.

9. The rule seems to require that all State-aided Industrial Concerns shd submit periodical Balance-sheets ~~Further~~: The insertion of this clause is necessary, since a ~~mere~~ G.O. may not bind a private Coy: on a commercial basis, and the inclusion of a clause to that effect would add to the ~~necessary~~ confidence of the subscribing public.

10. The Memorandum & the Articles Association may be sent to the Govt Advocate thro' the Law Branch for necessary scrutiny.

8/2
Dir of I.H.C.
Secy to Govt
Comptr
Supdt of Sericulture
Law Branch
Govt Advocate
M.K.R. Srinivasa
Mr Shamsuddin Khan

Serial No.

84 Kind ref- is also invited to ~~para 34~~ the minutes of the Fl. Sec'y at para 34 ~~re:~~ and also to his remarks on page re: the definition of the term "coming into operation".

Fl. Sec'y may be consulted.

Rev Sec'y 25/2.

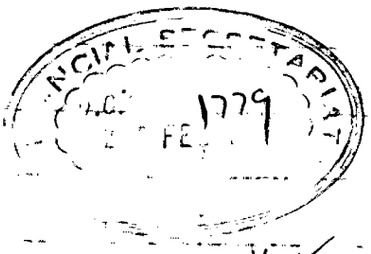
Fl Sec'y may see

25/2.

25/2

26/2

5161/25/2



85 I agree with the Director of Industries and Commerce that the authorised share capital should not be more than Rs 5 lakhs. Government may, if necessary, agree to take up shares to the extent of Rs 5,000/- if there will be any deficiency in the shares taken up by the Public There is no harm in mentioning in the Prospectu that "Government have agreed to take up 5,000 shares if necessary".

86 The Factory is intended for the manufact of silk waste and for this purpose alone Goverm have agreed to guarantee 5 % dividend for a per of 7 years. It is not desirable to permit the Factory to expand its operations for all purpos connected with silk industry in the State, and any case Government cannot agree to bear the losses on account of operations other than the one specified above.

Note—Contn. Sheet.

In

In para 9 of the prospectus, it has to be made clear that the guarantee of dividend will be in force only when the Factory is actually working. The words "the guarantee being in force so long as the factory continues to work" should be added.

6) Whether the following conditions may not also be added in this clause is for consideration.

(iii) xx xx xx and also to have the mill and machinery examined.

(iv) The Company will furnish to Government the information, accounts and reports etc., which may be called for by them from time to time..

7) The combination of duties proposed for Mr. Shamsuddin Khan does not seem to be desirable and is likely to lead to practical difficulties. It seems to be better to have independent officers for this Factory and for the Chennapatna Farm. Mr. Shamshuddin Khan , Assistant Superintendent of Sericulture, is now drawing Rs 330/- and will get the maximum pay of the present grade, viz., Rs 350/- in June 1935. The emoluments proposed to be granted to him, viz., Rs 500 may be regarded as too much. As Government have agreed to guarantee 5% dividend for seven years it is desirable to see that the working expenses of the Factory are minimised as far as possible. An increase of Rs 50/- should ordinarily be sufficient.

8) Sericultural Inspectors in charge of other farms are not granted any allowances and the proposal

Re- The establishment of a Silk waste factory

10

General and Revenue Secretariat | File No. of 193 | [App. F. III–2

Serial No.

proposal to give an allowance of Rs 20/- per mensem to Mr. Janakiram will, if sanctioned, create an inconvenient presedent.

90 The pay of the sericultural inspectors is Rs 50-5/2-75 and Rs 35-2-45. Mr. B.S.Venkata Rao may be given Rs 50/- (minimum pay of the first class inspector) instead of Rs 55 as proposed.

The proposals in Dis 7 may be approved by (S)

7/3/

7.335

OFFICE OF THE FIRST MEMBER OF COUNCIL 8 MAR. 1935 No. 6459

8-3-35.

8/3.

91 Reasons & agreements noted in the margin (last page) by (S)

92 A draft G.O. may be put up at once to facilitate further consideration

16.3.

16/3

93 Submitted with two drafts

APP 18/3

(a) A draft G.O as also draft of letters are Subs for approval & will be typed after sanction

(b) The proposals re Messrs Janakiram & BS Venkata Rao will form the subject of a seperate order as they do not relate to the factory

(c) The alterations to be made in the Prospectus have been indicated in pencil

(d) The draft Memorandum has to be revised in the light of the opinion agreed to by the members & it is proposed to be returned for resubmission

KP

Note–Contn. Sheet.

File No. of 193

General and Revenue Secretariat

9.4 Draft G.O. for consideration. Draft letter to Rajasabhabhushana K.R. Srinivasa Iyengar is forwarded

Dep Secy 26/3.

9.5 Please some have clean drafts

W.D. 22/3.

9.6 Typed drafts for consideration

Dep Secy 25/3

9.7 clean copies with corrections & memoranda are sent

W.D. 26.3.

27/3

9.8 Sorted with typed copies

Cfbr 28/3

9.9 Typed draft G.O. & memorandum for appl

Dep Secy 7/4.

Forwarded W.D. 1.4. 7/4

Typing Sect please send up 4/4

10| Maybe affd as no revision Forwarded W.D. 18.4. 18/4

OFFICE OF THE FIRST MEMBER OF COUNCIL 18 APR. 1935 No. 2599 S.T.C. 22/3

Typing section for fair typing up typed drafts in bal majm

OFFICE OF THE FIRST MEMBER OF COUNCIL 2 APR. 1935 No. 2160

TYPING SECTION 22 MAR. 1935 GENL & REV. SECTT.

Typed copy is sent Cfbr 23/3

S.T.C. 25/3

Typing Sect. W.C. 6 type copies of Memorandum & Rules & Articles of Association of Tuticorin. The drafts are also to be kindly retyped. S960/1.4.35 Cfbr 19.3

TYPING SECTION 28 MAR. 1935 GENL & REV. SECTT.

Serial No.

102 I am sorry the draft is still incomplete— E.g. the point that the no. of first Divs will be 2 so long as the 2nd Div no 7 has not been inserted. Do also the points at A appendix in the first Secy's note. Must have all these complete— by 18/4

103 Revised draft sent. (Secy Member.) 19/4. 20/4

104 Draft G.O. revised in accordance with instructions as an alternative for consideration. First Member 27/4

105 appd— This might mean 5 Divs 9 Regts actually raised by 27/4

106 For perusal & return— Dy I & C, 27/4

210. 57/34-35

107 Mr. Scott's letter dated the 16th April copy of which I enclose states that the present estimate for the silk waste spinning plant

OFFICE OF THE ... MILITIA
HEAD ... DELHI
27 APR. 1935
7834

Rs 4.08925 Yen as against 3.11392 Yen quoted by the firm in Feb. 1934. A cable received on the 9th March (copy enclosed) states that the experts as per recommendation of the firm would cost 1,00,000 Yen for two years and 60,000 Yen for one year as opined by Mr. Yoshimura. According to this both the estimates of capital cost and working expenses have to be considerably modified.

2nd I submit that under the circumstances it is desirable to defer issue of orders and have the scheme examined further.

3rd I am taking up the matter with Mr. K. R. Srinivasiyar.

Submitted.

29th April 1935. Director.

Dewan's Secretary with compliments.

First Member
Dewan

Yes; expedite by

OFFICE OF THE FIRST MEMBER OF 1 MAY 1935 No. 7931

30.4.35.

30/4

110 by 1/4/35

DEWAN'S OFFICE 2 MAY 1935 No. 646

111 Rs.
2-5-35.

TYPING SECTION 10 MAY 1935 GENL & REV. SECTT.

4/5

112 D. o to Director

113 Dft. Letter to B.S. 3.5.35

To apply

Dewan 2

Lesser 9/5

4010

File No. Agri 104 of 1938.

General and Revenue Secretariat

Forwd. D.O. letter no D 7418 dt 11.5.35

Gen B file 1-6-35.

GEN. & REV. SECRETT.
27 MAY 1935
DEVELOPMENT BRANCH

GENERAL AND REVENUE SECRETARIAT.

( )

NOTES.

File No.

FILE HEADING.

FROM

No. Dated Received

Diary No. Enclos. Spare copies Serial No.

BRIEF ABSTRACT OF LETTER

NOTES AND ORDERS.

NOTES—First Sheet

WD 69—GBPM—5,000—14-7-31

DEWAN'S OFFICE
5 MAR. 1935
No.....

its assistance two ex-students secured appointments as Assistant Inpectors of Mines and another was appointed a Surveyor in the Mines Department.

* * * *

MYSORE WASTE SILK FACTORY.

The Mysore Government is losing no time in implementing its decision to assist the silk industry of the State by the early erection of a waste silk factory, and I understand instructions have been issued to the Director of Industries and Commerce to take the necessary action for floating a company for the purpose sometime in March. The authorised share capital is to be Rs. 5 lakhs, divided into 50,000 shares of Rs. 10 each. The factory, it is understood, will be under the management of a Japanese expert in waste silk weaving and spinning—which appears to be a novel method of spiking the guns of the enemy, since it is essentially against Japanese competition that the Mysore silk industry is now fighting. Details of the factory itself are not as yet available, but two possible sites have been selected. One is at Chennapatna and the other at Closepet, both on the Bangalore-Mysore Road at distances of 36 and 30 miles, respectively, from Bangalore. In the matter of transport facilities there is not much to choose between the two, since both of them are situated on the main railway line, but whereas fuel and labour are cheaper at Closepet and water is available in great volume from the Arkavati river, Chennapatna offers a much healthier locality. Since water, fuel and labour are important factors when a factory's erection is being considered, presumably Closepet will win the day.

* * * *

D. I. C.

Case No. 36.

NOTES.

Subject:— L 212

The following cable was received on the 4th instant from Mr. S. G. Sastry, now at Tokyo, in regard to the purchase of a plant for the Silk - Waste Spinning Factory.

In Code	Decoded
I K V E B	Send instructions
R U J C O	Silk Waste
S A L I D	Spinning
O D S U G	Plant.

I am consulting the Mysore Silk Association before sending Mr. Sastry suitable instructions.

Director of Industries.

5-3-35 Submitted to First Member of Council.

OFFICE OF THE FIRST MEMBER OF COUNCIL 6 MAR. 1935 No. 6421

Is the question finally settled?
Decision intimated by
Dr I Dewan's final approval given.
to Prospectus etc. The file is with the
Financial Secy.
For Hon'ble
Mears Experts Ltd
Fl. Secy
with ref.
For Secretariat

WD 315—GBPM—2,500—30-8-34.

Has anybody promised a
reward for samples from
the planting of June
1st crop?

—

Mr B. to let me have the
letter in reference of
Letter in reference to gold
to it interest the gold

—

note of caution in buys
from Japan-
Tested factory?
by machinery?
Europe & America.
of the Planters not satisfy

My Japanese friend
Prof. Francis
Calgary Herald
Toronto
supplied me with material
Bro.

Ser. 107-33-1

Tels.—"INDUSCOM."

DEPARTMENT OF INDUSTRIES AND COMMERCE.

Mr. A. V. RAMANATHAN, B.A.,
Director.

I 5057

GEN. & REV. SEC.

OFFICE OF THE DIRECTOR,

D. O. No. 6297 20.6.934.

Bangalore, dated the 20th June 34.

My dear Venkatanaranappa,

For perusal

I send enclosed for the kind consideration of the Government a detailed note and estimate - regarding the establishment of a Silk Waste Spinning Factory in Mysore State. This is one of the most urgent needs of the Silk Industry in Mysore. I am taking steps to canvass public support to float a company.

The floating of such a company at present requires generous government support. I request therefore that the Government may be pleased to sanction the subscription of a tangible portion of the capital when such a company is formed.

Yours sincerely,

(Detailed note ... over ... Secretary ... Development Department, BANGALORE. ... AVR-SRS-3)

WD 03594—GPB—30,000—18-7-35

The urgent need for establishing a silk-waste Spinning Factory in Mysore.

Silk-waste is the most important bye-product of raw silk. Its utilization for spinning yarn is necessary as it reduces cost of production of silk. It may be mentioned here that in normal times the profit of the reeler consisted of the money got out of silk-waste. Formerly all the silk-waste used to be exported to Foreign countries. Since the depression there has been practically no export of silk-waste. Large stocks have accumulated, the prices quoted are nominal and unbelievably low. To stabilise the industry with a view to reduce cost of production of Mysore silk, it is absolutely necessary to start a silk-waste spinning Factory in Mysore State urgently.

The Tariff Board in para 23 have stated as follows:

" The only redeeming feature in the situation after 1857 was that Europe began to understand the use of Waste silk which from then onwards was exported from India in large quantities. Indeed the price of silk waste thus obtained came to be regarded as the main source of profit by the country charkhas working for the domestic market".

The Indian Tariff Board have stated as follows in paragraph 115:

" The following table gives the total imports under the heads silk Yarn, Noils and Warps:

1927-28	...	1,358,170 lbs.
1928-29	...	2,046,760 "
1929-30	...	1,956,014 "
1930-31	...	1,424,398 "
1931-32	...	1,710,366 "
1932-33	...	3,010,189 "

PTO.

" We have reason to believe that a large proportion of these imports represents spun silk. Thus there is a large market for any amount of yarn which may be produced by Mills which may be set up in India. There will be no lack of raw material for their operation since most of it was till recently exported abroad for want of a Home market. On an average then ten lakhs of pounds of silk-waste give about three lakhs of pounds of spun silk yarn."

Again in paragraphs 116 and 117, they state as follows:

" We are not in a position under our terms of reference to discuss the future of the spun silk industry; but from the facts that have been placed before us there is no doubt that there is no inherent disability in manufacturing spun silk in India since all the requisites of sucessful production are present. When such manufacture is started whether with or without the help of protection, a growing home market will be found for the silk waste which is at present exported out of India. We have already pointed out the intimate connection which exists between the price of silk waste and the prosperity of the raw silk industry. If the price of this bye-product improves it would naturally reduce the cost of production of raw silk. The extent of the Indian market for silk waste may be estimated not only by the quantity of spun silk imported but also by the imports of goods made out of it. We are however unable to give figures as in the " trade Returns these goods are not distinguished from other " silk goods. Most of these goods come from China and Japan " and the principal varieties are known to the trade as " Fuji and Boseki".

Cont:

"Spun silk yarn is distinguished for its strength, lustre and purity. Its chief use in foreign countries is in the weaving of all kinds of velvets, plushes, handkerchiefs, ribbons or upholstery goods and trimmings; all kinds of hosiery goods are knitted of spun silk either alone or mixed with wool or cotton. It is also used for lacemaking, for embroidery and for machine and hand - sewing thread. In India its increasing use in many important weaving centres for goods of all descriptions has satisfied us that there is a market sufficient to justify any steps which private enterprise may take for its production".

Again in para 186 of their report, the Tariff Board state:

" We have also considered the suggestion that assistance should be given in the form of a bounty on the export of silk waste. We do not support this recommendation; for as we have indicated in previous chapters so far from wishing to encourage the export of silk waste we are anxious to see mills established in India to convert it into spun silk."

Again in para 162, they state:

"Moreover we should like to see factories established in India for the Spinning of Silk from Silk waste and from pierced cocoons. At present all the waste except what is spun into MATKA by old women in Bengal is exported to foreign countries where it is spun, and much of it finds its way back to India in the form of "spun silk". The quality quantity of spun silk imported into Bombay alone has been:

1928-29	... ...	66,418 lbs.
1929-30	... ...	137,838 "
1930-31	... ...	77,047 "
1931-32	... ...	105,404 "
1932-33	... ...	336,965 "

2

PTO.

With a view to have first hand data Mr. K. Shamsuddin-Khan when he was in Japan was requested to study the question of silk waste spinning in all its aspects. He visited a number of factories and studied the work in a college Mill and at his instance experiments were conducted on a fairly large scale with 'Charka' and Filature wastes. The results obtained fully justify the inference that a silk waste spinning factory can be worked successfully on commercial lines in Mysore. He had also the benefit of discussing with the machinery manufacturers in Japan as to the economic unit and also the absolutely necessary machinery in each department to deal with the Mysore silk waste produced in Charka. It has been found that a factory of 3000 spindles is the smallest economic unit for Mysore. In Japan a factory of 6000 spindles is considered to be of economic size as Japan deals with high grade Filature Waste.

The estimates for 3000 spindles Plant were obtained as far back as 1931 and we are now in possession of revised upto date estimates after the vicissitudes in RUPEE-YEN exchange. We have also received estimates from English and French Firms. After a detailed study of all the estimates received, it has been found that the Japanese estimate is the most favourable one.

Messrs. Sassoon and Alliance Mills Ltd. and Choi Silk Mills in Bombay had during the war started the manufacture of spun silk from imported silk waste for their own use. The machinery is old and as these Mills are interested in cotton and as it formed a small section of their business and as the boom period was over they stopped the work. We have repeatedly asked them to

cont:

to manufacture spun silk yarn on our behalf out of Mysore waste, but they have not done it excepting for a small consignment of 100 lbs. of silk waste. They have also written to say that they have reduced the capacity of the spinning plant. A comparison of the yarn produced out of our waste in Sasson Alliance Mills with the yarn produced out of our waste in Japan indicates clearly that the Mills are absolutely out of date for this kind of work. The fact that they are situated far away from centres of supply of silk waste hinders economic production of yarn. It may also be mentioned that Sassoon Alliance Mills charged us Rs 3-11-6 per pound of yarn produced as manufacturing charges alone. They stated that as a concession they charged us these moderate rates. Our present estimates show that our cost will be only Rs 3-10-0 per pound including the cost of raw material or Rs 2-11-0 per lb. exclusive of it. It is therefore apparent that this plant is uneconomic.

Mysore produces nearly 7 lakhs of pounds of silk-waste per annum. In addition to this, it produces high grade material for preparing silk yarn in the shape of pierced cocoons. It has enough raw material for working 9,000 spindles silk waste plant.

There are transport facilities from Reeling Centres to the place where the factory will be located.

Our experience with Filature and Silk Weaving Factory has fully demonstrated that our working men and women are capable of being efficient operatives in the Mill. It has been pointed by the Tariff Board that there is a large home market. In 1933-34, the import of yarn and warps amounted to 2,027,700 lbs., bulk of it being spun silk yarn. In addition to this, piece goods manufactured out of spun yarn have been very

PTO.

very largely imported. The capacity of the proposed SPINNING FACTORY in Mysore is only about 50,000 lbs. of spun yarn per year. The Government Silk Weaving Factory at Mysore can easily consume 15,000 lbs. of spun yarn for producing coating and shirtings for which there is big demand. Weaving centres such as Doddaballapur and Bangalore which are using imported yarn can easily take up yarn made in Mysore State as the prices will be competitive as can be seen from the carefully worked out estimates. The Kesho Ram Cotton Mills in Calcutta managed by Messrs. Birla Brothers have been repeatedly asking us to supply spun yarn made in India. There is therefore, considerable home market for the spun yarn manufactured in the Mills.

On the basis of data collected by Mr. K.Shamsuddin-Khan, Asst. Superintendent of Sericulture and experiments conducted on Mysore silk work in Japan, and on the basis of latest quotations for plant machinery from Japan and other places, detailed estimates have been prepared which are appended to this. It is seen that the fixed capital amounts to Rs 4,60,000/-. The actul working capital required is about Rs 45,000/- only allowing for a turn-over of capital once in three months. Thus the total capital required is about 5 Lakhs of rupees only. The factory will be capable of producing 48,000 lbs of spun silk yarn valued at Rs2,12,000/-. There will thus be a net profit of about Rs 38,000/-. After paying income-tax, the profits would amount to 7%.

SRS-6)

Note on the production of Spun Yarn from Silk Waste (Charka grade).

From the experiments conducted in Japan in Showa Takatsuki Mills Ltd., Osaka, Japan in 1930, the following reliable data are available. The experiments were on a big scale. 93.38 K.G. of silk waste was used for the experiments. The total reduction in selection, degumming, seasoning and other causes upto and inclusive of 'PEIGNE' stage is 77.5 per cent. The remaining 22.5 per cent is obtained as 'Peignes' (first class 10.5%, second class 8.4 % and third class 3.6%). The first and second class 'peigne' can be used for preparing fine yarn 135^s single and even finest counts. The third class can be used for producing coarse yarns. In the spinning, doubling and gassing processes there is a loss of about 7%. Working on safe side it may be assumed that about 11% is the loss in processes, - Subsequent to 'peigne' preparation. According to this, the percentage of spun yarn would be 20. The first and second class peignes can be used for preparing high counts as already stated. Taking the above figures, 84% would be high counts and 16% low counts. Allowing for disadvantages and to be on the safe side $66\frac{2}{3}$ % has been taken as high counts production and $33\frac{1}{3}$ % as low counts production. In the prospectus, calculation has been based on the above figures.

Thus of the total production of 48,000 lbs. of spun yarn, 32,000 lbs. is fine counts and 16,000 lbs. coarse counts.

SRS-6)

PROBABLE ESTIMATE OF SILK-WASTE SPINNING FACTORY OF 3,000 SPINDLES.

Sl. No.	DETAILS		AMOUNT. Rs	A	P
I	**CAPITAL EXPENDITURE.**				
(1)	Cost of machinery including accessories, gas generating plant, water Tank and Pump, Humidifying apparatus, Testing machinery on the basis oflatest quotations. (EXCHANGE 100 YENS: Rs 85/-).		2,63,500	0	0
(2)	Add customs duty at 10%	... ...	26,350	0	0
(3)	Transport of machinery from Kobe to Closepet.	... ...	10,000	0	0
(4)	Cost of erection including Electric fittings, gas connections, steam and water connections etc.	... ...	20,000	0	0
(5)	(a) Main Building, Floor space,38,000 Sq.ft. 15' high walls (Fly roof) with iron Trusses at Rs 2-8-0 per sq.ft. (Zinc sheet).	... Rs 95,000/-			
	(b) Stores, Boiler room and other accessory Buildings: 10,000 sq. ft.	... Rs 25,000/-			
	(including value of lands)...		1,20,000	0	0
(6)	Cost of Office Buildings (Board)	..	10,000	0	0
(7)	Cost of Quarters for Assistant Expert, Accountant, one Clerk and two peons : (Watchmen)		10,000	0	0
			4,59,850	0	0
		or	4,60,000	0	0
II	**WORKING EXPENSES.**				
(1)	Raw material: 2,40,000 lbs. @ as.3 per lb.		45,000	0	0
(2)	Pay of Staff Etc.	Annually.			
	(a) Chief Expert @ Rs 1000/- p.m.	Rs 12,000/-			
	(b) one Asst. Expert@ 800/- "	Rs 9,600/-			
	Training 3 officers for work @ 300/- p.m. ...	Rs 3,600/-			
	(c) 12 Operatives-- on wages on an average of Rs 30/- per mensem.(ranging from Rs 25/- to Rs 40/-)	Rs 4,320/-	29,520	0	0
		C.O.	74,520	0	0

Sl. No.	DETAILS	Rs	A	P
		AMOUNT.		
	CAPITAL EXPENDITURE.			
(1)	Cost of machinery including accessories, Gas Generating plant, Water Tank and Pump, Humidifying apparatus, Testing machinery on the basis of latest quotations. (EXCHANGE 100 YENS: Rs 85/-).	2,63,500	0	0
(2)	Add customs duty at 10%	26,350	0	0
(3)	Transport of machinery from Kobe to Closet.	10,000	0	0
(4)	Cost of erection including Electric fittings, Gas connections, steam and water connections etc. ...	20,000	0	0
(5)	(a) Main Building, Floor space,38,000 Sq.ft. 15' high walls (Tiy roof) with iron Trusses at Rs 2-8-0 per sq.ft. (Zinc sheet). ... Rs 95,000/-			
	(b) Stores, Boiler room and other accessory Buildings: 10,000 sq. ft. ... Rs 25,000/-			
	(Including value of lands)...	1,20,000	0	0
(6)	Cost of Office Buildings (Board) ..	10,000	0	0
(7)	Cost of quarters for Assistant Expert, Accountant, one Clerk and two peons : (Watchmen)	10,000	0	0
		4,59,850	0	0
	or	4,60,000	0	0

II

WORKING EXPENSES.

(1)	Raw material: 2,40,000 lbs. @ as.3 per lb.	46,000	0	0
(2)	Pay of Staff Etc. Annually.			
	(a) Chief Expert @ Rs 1000/- p.m. Rs 12,000/-			
	(b) one Asst. Expert @ 800/- " Rs 9,600/-			
	Training 3 officers for work @ 300/- p.m. ... Rs 3,600/-			
	(c) 12 Operatives-- on wages on an average of @ 30/- per mensem.(Ranging from Rs 25/- to Rs 40/-) Rs 4,320/-			
		29,520	0	0
		75,520	0	0

Sl.No.	DETAILS		AMOUNT. Rs	A	P
		Brought forward:	74,520	0	0
3	III. OFFICE ESTABLISHMENT.	Annually.			
	Secretary @ Rs 300/- p.m.	Rs 3,600/-			
	Cashier @ Rs 50/- "	Rs 600/-			
	Accountant @ Rs 60/- "	Rs 720/-			
	Clerks: 3 @ Rs 40/- "	Rs 1,440/-			
	Peons 2 & Watchmen: 4 @ Rs 11/- each. (66 x 12)	Rs 792/-	9,192	0	0
	Mechanic @ Rs 100/- "	Rs 1,200/-			
	Boiler-man @ Rs 30/- "	Rs 360/-			
	Gas and Water-plant man 1 @ Rs 20/- "				
	2 each Rs 20/-: 2x20x 12.	Rs 480/-			
4	Wages: 40 men at 6 as per day. ...	Rs 4,500/-			
	120 women @ as.3 per day.	Rs 6,750/-	11,250	0	0
5	Expenditure on purchase and transport of raw materials at 6 pies. (of this, 2 pies is brokerage and 4 pies is transport on an average i.e. 5 pies for Mysore Centre, 5 pies, Kolar Centre and 2 pies for Channapatna Centre: on 2,40,000 lbs.		7,500	0	0
6	(a) Cost of Marscilles Soap at 5% of the Raw Material Weight: 12,000 lbs. at Rs 24/- per cwt.		3,500	0	0
	(b) Other stores. ...		2,000	0	0
7	Fuel for Boiler for degumming Plant about 3½ tons firewood per day; for 100 working days: 350 tons @ Rs 8/- per ton.		2,800	0	0
8	Fuel for Gas Plant ...		4,000	0	0
9	Electric Power Charges 100 HP ...		8,000	0	0
10	Remuneration to Directors, Travelling allowances, Audit Fees etc. Office expenses, postage, contingencies, printing, Advertisement.		10,000	0	0
11	Depreciation on machinery at 7½% on 3,13,000/-		23,475	0	0
12	Depreciation on Buildings at 2½% on Rs 1,40,000/-		3,000	0	0
		C.O.	1,59,237	0	0

			Rs	A. Cent.
	Brought forward:		74,520	0 0
3	OVERHEAD ESTABLISHMENT.	Annually.		
	Secretary @ Rs 300/- p.m.	Rs 3,600/-		
	Cashier @ Rs 50/- "	Rs 600/-		
	Accountant @ Rs 60/- "	Rs 720/-		
	Clerks: 3 @ Rs 40/- "	Rs 1,440/-		
	Peons 2 &			
	Watchmen: 4 @ Rs 11/- each.		9,192	0 0
	(66 x 12)	Rs 792/-		
	Mechanic @ Rs 100/- "	Rs 1,200/-		
	Boiler-man @ Rs 30/- "	Rs 360/-		
	Gas and Water-plant man @ Rs 20/- "			
	2 each Rs 20/-: 2x20x 12.	Rs 480/-		
	Wages: 40 men at 6 as per day. ...	Rs 4,500/-		
	150 women @ as.3 per day.	Rs 6,750/-	11,250	0 0
	Expenditure on purchase and transport of raw materials at 6 pies. (of this, 2 pies is brokerage and 4 pies is transport on an average i.e. 5 pies for Mysore Centre, 5 pies, Kolar Centre and 2 pies for Channapatna Centre: on 2,40,000 lbs.		7,500	0 0
	(a) Cost of Lavendulae Soap at 5% of the Raw Material weight: 12,000 lbs. at ... 24/- per cwt.		3,500	0 0
	(b) Other stores. ...		2,000	0 0
	Fuel for Boiler for degumming Plant about 3½ tons firewood per day; for 100 working days: 350 tons @ Rs 8/- per ton.		2,800	0 0
	Fuel for Gas Plant ...		4,000	0 0
	Electric Power Charges		8,000	0 0
	Remuneration to Directors, Travelling allowances, Audit Fees etc. Office expenses, postage, contingencies, printing, vertisement.		10,000	0 0
	Depreciation on machinery at 7½% on Rs 3,15,000/-		23,475	0 0
	Depreciation on Buildings at 2½% on Rs 1,60,000/-		3,000	0 0
	C.O.		1,39,437	0 0

Sl. No.	DETAILS.	AMOUNT. Rs	A	P
	Brought forward	1,59,237	0	0
13	Repairs to Buildings at 1% ...	1,400	0	0
14	Selling charges at 6¼% on Rs 2,12,000/-	13,250	0	0
	Total	1,73,887	0	0
	Or	1,73,900	0	0

Total production: 48,000 lbs.
(Raw material: 2,40,000 lbs.)

Of this, 32,000 lbs. would be fine yarn (bleached) saleable at Rs 5/- (minimum).	1,60,000	0	0
16,000 coarse yarn saleable (bleached) at Rs 3-4-0 per lb. ...	52,000	0	0
Total	2,12,000	0	0

The present sale price of 210^{s} is Rs 5-14-0 per lb. and of 60/2 is Rs 3-7-0 per lb.

TOTAL RECEIPTS ...	2,12,000	0	0
WORKING EXPENSES ...	1,73,900	0	0
Profit	38,100	0	0
Percentage of profit ...	7.6%		

(N.B. When the services of Foreign Experts are dispensed with after establishing work, the profits would increase by about Rs 15,000/- per annum).

DETAILS.	AMOUNT. Rs	a	p
Brought forward	1,89,257	0	0
Repairs to Buildings at 1% ...	1,400	0	0
Selling charges at 6¼% on Rs 2,12,000/-	13,280	0	0
Total	1,73,257	0	0
Or	1,73,900	0	0

Total production: 48,000 lbs.
(Raw material: 2,40,000 lbs.)

Of this, 32,000 lbs. would be fine yarn, (blended) saleable at Rs 5/- (minimum). 1,60,000 0 0

16,000 coarse yarn saleable (bleached) at 3-4-0 per lb. ... 52,000 0 0

Total	2,12,000	0	0

The present sale price of 210s is
1s 3-7-0 per lb.
s 5-14-0 per lb. and of 60/2

TOTAL RECEIPTS ...	2,12,000	0	0
Working EXPENSES ...	1,73,900	0	0
Profit	38,100	0	0

Percentage of profit ... 7.6%

N.B. Even the above variable expenses are dispensed with after shutting work, the profits would increase by about Rs 15,000/- per

BOARD OF SERICULTURE.

Discussion on the Establishment of a Silk Waste Spinning Factory in Mysore State at the first meeting of the Board of Sericulture held on 19th November 193[illegible]

- - - -

The proposal for the establishment of a Silk Waste Spinning ~~Raw~~ plant was taken up for discussion with the subject on the Need for Protection ~~for~~ for Raw Silk against foreign Silk. Mr. N.Rama Rao suggested that the estimate for the Silk Waste Spinning Factory may be circulated before discussing the proposition and the discussion post-poned. The Chairman enquired whether the matter was an urgent one and whether it could wait for the second meeting. The Director of Industries and Commerce stated that the scheme had been discussed in full by the Mysore Silk Association who have submitted proposals after carefully examining the details. The Chairman stated that Government were disposed to establishing a Silk Waste Spinning Factory. Mr. N.Rama Rao stated that he was not in possession of estimates and could not therefore discuss the subject. The Chairman suggested that the general terms of the proposal might be discussed. Mr. N.Rama Rao expressed the opinion that though he was in favour of establishing a Silk Waste Spinning Factory, but it should not be the first consideration. The sequence of re-organization of the industry should be considered. No Protection had been given to Raw Silk against Spun Silk which was an efficient substitute for Raw Silk. If a factory were established the Spun Silk produced therein would limit the market for Raw Silk, and consequently there would be less Silk Waste available for the factory. Each would act reflectively on the other, and the whole thing would move in a viscious circle. The first need was to start filatures for which sufficient inducement should be held forth by Government. He added that a large number of looms in Dodda-balla-

Submitted for favour of information

23.11.34

Secretary with the compliments of the Director of Industries & Commerce

MAD

THE URGENT NEED FOR ESTABLISHING A SILK WASTE SPINNING FACTORY IN INDIA

THE URGENT NEED FOR ESTABLISHING A SILK WASTE SPINNING FACTORY IN INDIA.

Silk waste is the most important by-product of raw silk. Its utilisation for spinning yarn is necessary as it creates a market for silk waste and facilitates the reduction of cost of production of silk. It may be mentioned here that in normal times silk waste has a commercial value and the value obtained to silk waste is the main profit of the reeler. Formerly, all the silk waste produced in India used to be exported to foreign countries. Since the depression, there has been practically no export of silk waste. Large stocks have accumulated, the prices quoted for silk waste are nominal and unbelievably low. The lack of demand for silk waste has affected the sale price of Indian silk. To stabilise the industry with a view to reduce cost of production of Indian raw silk, it is absolutely necessary to start a Silk Waste Spinning Factory in India so that the waste is spun into yarn, thus creating a market for silk waste.

The Tariff Board in Para 23 have stated as follows :—

"The only redeeming feature in the situation after 1857 was that Europe began to understand the use of waste silk which from then onwards was exported from India in large quantities. Indeed, the price of silk waste thus obtained came to be regarded as the main source of profit by the country charkhas working for the domestic market."

The Indian Tariff Board have stated as follows in para 115 :—

"The following table gives the total imports under the heads silk yarn, noils and warps :—

		lbs.
1927-28	....	1,358,170
1928-29	....	2,046,760
1929-30	....	1,956,014
1930-31	....	1,424,398
1931-32	....	1,710,366
1932-33	....	3,010,189

"We have reason to believe that a large proportion of these imports represents spun silk. Thus, there is a large market for any amount of yarn which may be produced by Mills which may be set up in India. There will be no lack of raw material for their operation since most of it was till recently exported abroad for want of a home market. On an average ten lakhs of pounds of silk waste give about three lakhs of pounds of spun silk yarn."

Again in paragraphs 116 and 117, they state as follows:—

"We are not in a position under our terms of reference to discuss the future of the Spun Silk Industry; but from the facts that have been placed before us there is no doubt that there is no inherent disability in manufacturing spun silk in India since all the requisites of successful production are present. When such manufacture is started whether with or without the help of protection, a growing home market will be found for the silk waste which is at present exported out of India. We have already pointed out the intimate connection which exists between the price of silk waste and the prosperity of the raw silk industry. If the price of this by-product improves, it would naturally reduce the cost of production of raw silk. The extent of the Indian market for silk waste may be estimated not only by the quantity of spun silk imported but also by the imports of goods made out of it. We are, however, unable to give figures as in the trade returns these goods are not distinguished from other silk goods. Most of these goods come from China and Japan and the principal varieties are known to the trade as Juji and Boseki."

"Spun silk yarn is distinguished for its strength, lustre and purity. Its chief use in foreign countries is in the weaving of all kinds of velvets, plushes, handkerchiefs, ribbons or upholstery goods and trimmings; all kinds of hosiery goods are knitted of spun silk either alone or mixed with wool or cotton. It is also used for lace-making, for embroidery and for machine and hand-sewing thread. In India its increasing use in many important weaving centres for goods of all descriptions has satisfied us that there is a market sufficient to justify any steps which private enterprise may take for its production."

In paragraph 153, they state as follows :—

"Whatever may be the merits of artificial silk as against natural silk, there is no doubt that artificial silk is a formidable rival of spun silk. This has affected the price of silk waste which India used to export in such large quantities. The profits of reeling have been correspondingly reduced. As long as no profitable use is found for this by-product of the silk industry, its depression due to this indirect competition of artificial silk should be regarded as permanent."

Again in paragraph 186 of their report, they state :—

"We have also considered the suggestion that assistance should be given in the form of a bounty on the export of silk waste. We do not support this recommendation ; for as we have indicated in previous chapters so far from wishing to encourage the export of silk waste, we are anxious to see mills established in India to convert it into spun silk."

In para 162, they state :—

"Moreover, we should like to see factories established in India for the spinning of silk from silk waste and from pierced cocoons. At present, all the waste except what is spun into MATKA by old women in Bengal is exported to foreign countries where it is spun, and much of it finds its way back to India in the form of "spun silk." The quantity of spun silk imported into Bombay alone has been :—

		lbs.
1928-29	....	66,418
1929-30	....	1,37,838
1930-31	....	77,047
1931-32	....	1,05,404
1932-33	....	3,36,965 "

The Government of Mysore have been actively studying the question of utilising the silk waste produced in Mysore to manufacture spun silk yarn in India.

With a view to study the possibility of utilising the silk waste produced in Mysore for manufacturing spun silk, Mysore silk waste in sufficiently large quantities was sent to Japan in 1930 and the Officer of the Mysore Sericulture Department who was then on deputation in

Japan was requested to have experiments conducted with our waste in Japan. The results obtained from the Mysore silk waste in Japan fully justified the inference that a Silk Waste Spinning Factory can be worked successfully in Mysore. The Sericultural Officer visited a number of silk waste spinning factories in Japan and discussed with the machinery manufacturers in Japan as to the economic unit and the absolutely necessary machinery in each section to deal with the common Mysore silk waste. It has been found that a factory of 3,000 spindles is the smallest economic unit for India, while in Japan where high class filature waste is largely available, a factory of 6,000 spindles is considered to be of economic size.

The estimates for 3,000 spindles plant were obtained as far back as 1931 and we are now in possession of revised up-to-date estimates after the vicissitudes in RUPEE-YEN exchange. We have also received estimates from English and French Firms. After a detailed study of all the estimates received, it has been found that the Japanese estimate is the most favourable one.

Messrs. Sassoon and Alliance Mills, Ltd., and Choi Silk Mills in Bombay had during the war started the manufacture of spun silk *from imported silk waste* for their own use. The machinery is old and as these Mills are interested in cotton and as it formed a small section of their business and as the boom period was over they stopped the work. We have repeatedly asked them to manufacture spun silk yarn on our behalf out of Mysore waste, but they have not done it excepting for a small consignment of 100 lbs. of silk waste. They have also written to say that they have reduced the capacity of the spinning plant. A comparison of the yarn produced out of our waste in the Sassoon Alliance Mills with the yarn produced out of our waste in Japan indicates clearly that the Mills are absolutely out of date for this kind of work. The fact that they are situated far away from centres of supply of silk waste hinders economic production of yarn.

Mysore produces nearly 7 lakhs of pounds of silk waste per annum. In addition to this, it produces high grade material for preparing silk yarn in the shape of pierced cocoons. It has enough raw material for working a 3,000 spindles silk waste spinning plant and can also consume the silk waste produced in Kashmir and Bengal and the Eri Cocoons produced in Madras.

There are transport facilities from Reeling Centres to the place where the factory will be located.

Our experience with Filature and Silk Weaving Factory at Mysore has fully demonstrated that our working men and women are capable of being efficient operatives in the Mill. It has been pointed by the Tariff Board that there is a large home market. In 1933-34, the import of yarn and warps amounted to 2,027,700 lbs., bulk of it being spun silk yarn. In addition to this, piece-goods manufactured out of spun yarn have been very largely imported. The capacity of the proposed Spinning Factory in Mysore is only about 50,000 lbs. of spun yarn per year. The Government Silk Weaving Factory at Mysore can easily consume 15,000 lbs. of spun yarn for producing coating and shirtings for which there is big demand. Weaving Centres in India which are using imported yarn can easily take up yarn made in Mysore State. There is, therefore, considerable home market for the spun yarn manufactured in the Factory to be started in Mysore.

On the basis of data collected and the experiments conducted on Mysore silk waste in Japan and on the basis of the latest quotations for plant, machinery, etc., from Japan and other places, detailed estimates of cost for starting a factory have been prepared. It is seen that the fixed capital amounts to Rs. 4,60,000. The actual working capital required is about Rs. 45,000 only allowing for a turn-over of capital once in three months. Thus, the total capital required is about five lakhs of rupees only. The factory will be capable of producing 48,000 lbs. of spun silk yarn per annum working single shift and can increase the production to about 1,50,000 lbs. working three shifts after gaining experience.

The Government of Mysore intend to encourage the formation of a joint stock concern to instal and work the silk waste spinning plant in Mysore. As the Silk Waste Spinning Factory in Mysore will be the first of its kind in India, it is necessary to obtain the services of experts from Japan for a couple of years in the beginning to instal and work the plant in Mysore and to train local young men. The experts to be got from Japan will have to be paid rather heavily during their period of stay in Mysore. Their travelling expenses to and fro will also have to be paid. Highly qualified youngmen from the silk producing provinces in India will have to be selected for obtaining the necessary training under the Japanese Experts, so

that the services of these trained youngmen would be available for the factory in Mysore and in any other province which may start such a factory in future. The expenditure to be incurred on the pay and the travelling expenses of the experts and the stipends to be given to the youngmen under training would weigh heavily on the infant factory. The Tariff Board have emphatically stated that Mills for the manufacture of spun silk from silk waste should be established in India, as this is the most important way of finding a profitable use for this important by-product of the silk industry and of effecting reduction in the cost of production of Indian silk. The infant silk waste spinning factory to be started in Mysore would find it impossible to withstand the competition from the foreign well organised spun silk manufacturing countries, if it has to meet the heavy expenditure on the experts, etc., at the very commencement. Hence, it is necessary that the Government of India should allot sufficient funds out of the amount set apart for sericultural research to meet the pay and travelling expenses of the Experts and the stipends to be paid to youngmen under training during the first two years at least of the starting of the Silk Waste Spinning Factory in Mysore.

The expenditure to be met from the funds set apart for Sericultural Research by the Government of India would be as noted below :—

	Per month.	*Per annum.*
	Rs.	Rs.
Pay of the Chief Expert to be obtained from Japan	1,000	12,000
Pay of the Assistant Expert to be obtained from Japan	800	9,600
Stipends to youngmen undergoing training: 6 each	100	7,200
Total		28,800 or Rs. 30,000 (per annum).

As the experts will have to be retained for at least two years and as the youngmen have to be trained for two years, the total expenditure would amount to Rs. 60,000 only. In addition to this amount, funds have to be provided for the travelling expenses of the two experts for their forward and return journeys and towards paying their leave allowances of at least two months for

the period of two years service. The amount required for these items would be as follows :—

	Rs.
Travelling expenses to and fro to the Chief Expert ...	2,500
Travelling expenses to and fro to the Assistant Expert	2,000
Leave allowances to the Chief Expert for two months	2,000
Leave allowances to the Assistant Expert ...	1,600
Total ...	8,100

ABSTRACT.

	Rs.
Pay of the Chief Expert, Assistant Expert, Stipends to youngmen undergoing training for a period of two years	60,000
Travelling expenses to the Chief and Assistant Experts and Leave allowances	8,100
Grand Total ...	68,100
	or Rs. 68,000.

As it is imperatively necessary to stimulate the starting of silk waste spinning factories in India to find a profitable use for the important by-product of the silk industry and to reduce the cost of production of Indian silk so that it can withstand the competition from foreign silks, the expenditure of Rs. 68,000 during the first two years of the starting of the Silk Waste Spinning Factory in Mysore, the first of its kind in India, is a legitimate charge on Sericultural Research. The Government of India would be helping the silk industry in India immensely if the above sum of Rs. 68,000 is sanctioned for the Silk Waste Spinning Factory to be started in Mysore.

A. V. RAMANATHAN,
Director of Industries and Commerce.

WD 2307—GPB—250—30-6-34

Dodda Ballapur and other places had substituted Spun Silk in place of Raw Silk. He also expressed that foreign Silk Waste Spinning Factories were in an advantageous position as they used high grade silk waste from filatures. Mysore Silk Waste which was being purchased by Europe is not being exported ~~to Europe~~ now on account of its inferior quality. Concluding his remarks Mr. N.Rama Rao urged that Raw Silk should first be protected against Spun Silk and that filatures should be started before the Silk Waste Spinning Factory was started.

Mr. P.Subbarama Chetty stated that reelers whose profits consisted of Silk Waste would benefit by starting the proposed factory. He was of opinion that the proposed factory could stand competition against foreign imported silk as there was 25% Revenue duty on Spun Silk. He would not postpone starting the factory. Mr. F.L.Silva stated that the quality of Mysore Silk Waste could be easily improved, and Mr. Rama Rao's objection on that account need not delay starting of the factory, and added that Spun Silk would not displace Raw Silk as the quantity produced would be a mere drop in the ocean. At this stage the Secretary explained that Mysore Silk Waste was not being exported to Europe as the output of Spun Silk in Europe had been considerably reduced as Artificial Silk of high quality had displaced Spun Silk in articles of manufacture where Spun Silk was used. Therefore the demand for Mysore Silk Waste from outside was restricted. Mr. N.Rama Rao again urged that the poor quality of Mysore silk waste would be a serious consideration against starting the factory before filature waste was available. Mr. K.R.Srinivasa Iyengar suggested that superior class waste as Raw material for the factory would cost more. He was of opinion that Spun Silk would not compete against Raw Silk, but would compete against foreign imported Spun Silk. The Chairman re-

remarked that he agreed with Mr.F.L.Silva's view that Spun Silk would not compete against Raw Silk. Mr.Syed Allah Baksh stated that exports of silk-waste had started and prices of silk-waste would go up. He cautioned the Board against this factor which would increase cost of production of Spun Silk in Mysore. The Director of Industries and Commerce explained that this export was a temporary phase caused by purchases made by Japan which suffered its stocks of silk-waste in the recent disastrous typhoon in Japan. Mr. N.Rama Rao replying to Mr.Silva's objection about the small quantity of Spun Silk to be produced stated that 48,000 lbs. was one-tenth of the total production of Raw Silk in the State, and this quantity was appreciable. Mr. F.L.Silva stated that what he meant was that the quantity of Spun Silk to be produced in the factory was negligible against the total Indian demand of Raw Silk and its allied articles. Mr. N.Rama Rao agreed with this view. Mr. K.R.Srinivasa Iyengar stated that Spun Silk was not the same as Raw Silk and each met a different kind of demand. Mr. N.Rama Rao replied that Spun Silk was the same chemically as Raw Silk, and industrially it was replacing Raw Silk and it would be disastrous to start a factory without Protection, and when the market was restricted. He added that filatures should be started first, and if it was a matter of helping the reelers Government might purchase all the silk-waste as a bounty to reelers. Mr. P.Subbarama Chetty stated that the price of Spun Silk was Rs.4-2-0 per lb. and that of Raw Silk Rs.4-0-0 per lb. Spun Silk needed no degumming and no throwing operations. Raw Silk loses 25% of its weight in degumming and throwing charges cost Rs.1-12-0 per lb. It means that Raw Silk is nearly twice as costly as Spun Silk. Spun Silk is not a substitute for Raw Silk but it is for high grade Cotton. Mr. F.L.Silva emphasized that Spun Silk was a finished product whereas Raw Silk was not. The Chairman en-

~~was not.~~ The Chairman ~~asked Mr. N.Rama Rao~~ enquired whether ~~he~~ Mr. Rama Rao wanted a vote of the Board on the subject. Mr. N. Rama Rao said that it was unnecessary. The Chairman announced that the Board was not in favour of deferrin the starting of Silk Waste Spinning Factory.

******

DN:2:

K. Shaw
23.11.34

Sec. Secy
with compts.
This might be asked for the end.
I shall be glad if this may be placed with connected file re
Dear Sir, which may be
Baranagar
26 Nov 1934

Here is the note I promised on the proposal to start a Spinning Factory. I could not send it earlier owing to indisposition.

The importance of the subject is my excuse for the length of the note. I believe it would be a grave — I had almost said fatal — mistake to start the factory now; the more I think of it the more I am confirmed in this conviction.

With respect,

Yours sincerely
N Ranen Ray

Rajamundry Province
Dewan Bahadur
K: Matthew, Esq, BA
First Member of Council

Note

on the Proposal to start a Silk Spinning Factory in the Mysore State

We are agreed that protection is necessary against spun silk. This means that we agree that spun silk competes against raw silk, for if it did not protection would not be necessary against it. We know as a fact that increasing quantities of spun silk are coming into India through the gaps in the protective tariff, and displacing raw silk. (The weaving industry at Doddaballapur is an instance)

The market for raw silk is contracting, and this is reflected in the contraction of the area under mulberry. This contraction is bound to go on till we (1) secure protection against spun silk and (2) improve our sericulture, including reeling.

The above is, I believe, a fair statement of the present position.

It is proposed now to start a Spinning Factory capable of producing 48 000 lbs of

spun silk a year. Whether such a factory handling as it must inferior raw material (C class waste) could make head against well-established foreign factories employing superior raw material is open to grave doubt. Our waste is lying undisposed of because foreign factories do not think it good enough, under present conditions. Our projected factory has to reckon with competition from rayon also. These are some of the considerations that should make us pause, even if we looked upon the proposal as an independent industrial proposition. We should wait till we got protection against foreign spun silk, and in the meantime devote attention to improve our reeling, so as to give us, among other things, a better class waste such as would enable us to start our future spinning factory with better chance of success.

But the risk of failure, grave as I think it to be, and the set-back that

such failure would mean to industrial enterprise generally, are by no means the ~~worst most anxious~~ worst features of the project.

The strongest reason against starting a Spinning Factory at the present time is that the 48000 lbs of spun silk it is designed to produce, can only be sold by displacing at least the same quantity (as a matter of fact a larger quantity, for raw silk is ~~in~~ sum) of Indian raw silk. If the factory is in Mysore it is sure to injure Mysore sericulture particularly, as Mysore will be the area where its product can be sold with freight - advantage. It was argued at the meeting of the Board of Sericulture that our spun silk would displace only foreign spun silk, and not our raw silk. This argument forgets the obvious fact that a substitute drives out the costliest material first. If I decided to use a substitute I would naturally seek to use it in

place of a material which cost me most, because I would seek to secure the greatest saving by the substitution. This is why spun silk is even now displacing — neither cotton nor "mercerised" nor rayon, but raw silk; that is why we so earnestly seek protection against it. Spun silk will displace, (the spun silk) raw silk, no matter whether it is foreign, or on our own production; and if we produced 48000 lbs of spun silk every year, we should be responsible for reinforcing the hostile invasion against our own raw silk, to this extent by this addition.

The displacement at the steady rate of 48000 lbs a year must necessarily go on cumulatively, because the output of the factory will be constant, at least so long as our dwindling sericulture is able to furnish it with raw material. Dwindling sericulture will mean less raw material for the factory; and then the industry will move

in a vicious narrowing circle to its extinction.

I wish to make it clear that I ~~contend~~ maintain that a Spinning Factory is quite necessary for a complete sericultural organisation; but it would be a dangerous mistake to start with an activity which presupposes, indeed, requires as an essential condition of success, a certain amount of progress in other directions. It would be fatal to take a thing out of its natural sequence. An industry that deals with a by-product is subsidiary to, and must follow and not precede, the industry that deals with the main product. We must improve reeling by establishing filatures first, and this will, incidentally give us a better ~~supply~~ silk-waste for our next step — a Spinning Factory.

In any case, a Spinning factory

(6)

should not be started before we have secured protection for our Sericulture against spun silk. It would not have the same chances of success. More than all things else, with what face or grace could we cry out that spun silk is killing our raw silk, when we ourselves produce that article against ourselves?

M Rama Rao

Basavangudi
26 11 84

P.S. Perhaps the strongest argument in favour of starting a Spinning Factory now is that by providing an outlet for silk waste we will be securing some relief to reelers. But the competition of foreign spun silk will compel us to reduce the price of waste to such an extent that the relief will be negligible; in any case it can never counterbalance the immediate and direct injury from inevitable ~~loss~~ displacement of raw silk.

M R

Mr. N.Rama Rao's Note dated 26th November 1934
on the Proposal to start a Silk Spinning
Factory in the Mysore State.

.....

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protection against foreign spun silk, and in the meantime devote attention to improve our reeling, so as to give us, among other things, a better class waste such as would enable us to start our future Spinning Factory with better chances of success.

But the risk of failure, grave as I think it to be, and the set-back that such failure would mean to industrial enterprise generally, are by no means the worst features of the project.

The strongest reason against starting a Spinning Factory at the present time is that the 48,000 lbs. of spun silk it is designed to produce, can only be sold by displacing at least the same quantity (as a matter of fact a larger quantity, for raw silk is in gum) of Indian raw silk. If the Factory is in Mysore, it is sure to injure Mysore Sericulture particularly, as Mysore will be the area where its product can be sold with freight-advantage. It was argued at the meeting of the Board of Sericulture that our spun silk would displace only foreign spun silk, and not our raw silk. This argument forgets the obvious fact that a substitute drives out the costliest material first. If I decided to use a substitute I would naturally seek to use it in place of a material which cost me most, because I would seek to secure the greatest saving by the substitution. This is why spun silk is even now displacing-neither cotton nor "mercerised" nor ragon, but raw silk; that is why we so earnestly seek protection against it. Spun silk will displace raw silk, no matter whether the spun silk is foreign, or our own production; and if we produced 48,000 lbs. of

spun silk every year, we should be responsible for reinforcing the hostile invasion against our own raw silk by this addition.

The displacement at the steady rate of 48,000 lbs. a year must necessarily go on cumulatively, because the output of the factory will be constant, at least so long as our dwindling sericulture is able to furnish it with raw material. Dwindling sericulture will mean less raw material for the factory; and thus the industry will move in a - vicious narrowing circle to its extinction.

I wish to make it clear that I maintain that a - Spinning Factory is quite necessary for a complete sericultural organisation; but it would be a dangerous mistake to start with an activity which presupposes, indeed, requires as an essential condition of success, a certain amount of progress in other directions. It would be fatal to take a thing out of its natural sequence. An industry that deals with a bye-product is subsidiary to, and must follow and not precede, the industry that deals with the main product. We must improve reeling by establishing filatures first, and this will, incidentally give us a better silk-waste for our next step- a Spinning Factory.

In any case, a Spinning Factory should not be started before we have secured protection for our Sericulture against spun silk. It would not have the same chances of success. More than all things else, with what force or grace could we cry out that spun silk is killing our raw silk, when we ourselves produce that article against ourselves?

P. S.

Perhaps the strongest argument in favour of starting a Spinning Factory now is that by providing an outlet for silk waste we will be securing some relief to reelers. But the competition of foreign spun silk will compel us to reduce the price of waste to such an extent that the relief will be negligible, in any case it can never - countervail the immediate and direct injury from inevitable displacement of raw silk.

TSS.

IMMEDIATE.

Telegraphic Address:—"INDUSCOM."

GOVERNMENT OF MYSORE.

DEPARTMENT OF INDUSTRIES AND COMMERCE.

Seri 107-33-2 350

27 JULY 1934

DEVELOPMENT ANCH.

In reply please refer to No. D4 233/33-34

Encl, One

OFFICE OF THE DIRECTOR,

Dated Bangalore, 25th July *193* 4

FROM

A. V. RAMANATHAN, ESQ., B.A.,
Director of Industries and Commerce in Mysore,
Bangalore (India).

To

M. VENKATANARANAPPA, ESQ., B.A.,
Secretary to the Government of Mysore,
Development Department,
Bangalore.

25 JUL 1934

SIR,

In continuation of my letter No.6287 dated the 20th June 1934, submitting an estimate for a Silk Waste Spinning Plant, I have the honour to submit herewith a copy of letter No. 101 dated the 17th July 1934 from the Honorary President, Mysore Silk Association, regarding the concessions necessary for floating a Company for a Silk Waste Spinning Factory. He states that a Meeting of the prominent members of the Association and others interested in the Industry, was held at the Office of the Association on the 10th Jul 1934, when many of the present, were of opinion that for the succes ful establishment of the factory as a Joint Stock Concern, it would be necessary that Government should not only subscribe 50% of the share capital, but should also guarantee a dividend (or interest) of 5 percent on the share capital paid by the public for a period of five years. The Honorary President of the Association is also of the same opinion and considers that in the absence of such a guarantee the chances of obtaining adequate public support for the proposed factory are doubtful and that there would be considerable delay in securing public subscription.

I may state in this connection that Mr. N. G. Chinnoy, the leading Silk Importer at Bombay, whom I interviewed at Bombay, is also of the same opinion and promised to take shares and to get his

P.T.O.

23

his friends to take shares if the 5% guarantee is given by Government for a period of 5 years.

As it is necessary to start the Factory in Mysore early in order to utilise the silk waste which has now no market, I request that Government may be pleased to consider favourably the proposals received from the Honorary President of the Mysore Silk Association in this connection and authorise the floating of the Company with a promise that the Government would subscribe up to 50 per cent of the capital of the Company and also guarantee a dividend of 5 per cent on the capital for a period of five years from the date of starting operations in the Factory. No dividend would be payable or guaranteed during the period of construction of the factory or of the erection of the machinery.

I have the honour to be,

Sir,

Your most obedient servant,

DIRECTOR.

BV3)

Letter No.101-dated the 17th July 1934 from the Honora President of the Mysore Silk Association, Bangalore, to the Director of Industries and Commerce in Mysore, Bangalore.

In continuation of my letter No. 507 dated 27th June 1934 addressed to Government through you enclosing a note on th measures to be adopted for the improvement of the Sericultural Industry in the State and suggesting among other things, the establishment of a silk waste spinning factroy to deal with all the waste silk produced in the country, I write to state that I held a Meeting of the prominent members of the Association as well as others interested in the industry at the Office of the Silk Association on the 10th instant with a view to ascertain how far the public may come forward to take up shares in the proposed factory if it is started as a Joint Stock ~~Company~~ Concern. It was/unanimous opinion of all the persons assembled at the Meeting that it would not be possible to obtain any appreciable support for the factory from the public unless the Government subscribed at least 50 per cent of the share capital required therefor. Many of the members were also of opinion that for the successful floatation of the Company it was necessary that the Government ~~want~~ should not only subscribe 50 per cent of the share capital but should also guarantee a dividend (or interest) of 5 per cent on the share capital paid by the public for a perio of at least 5 years. I am also of the same opinion and consider that in the absence of such a guarantee the chances of obtaining public support for the prpposed factory are doubtful, that at any rate there is likely to be considerable delay in securing public subscriptions and that if we are to lose no time in starting the factory the above mentioned guarantee is necessary. If the concern proves successful, the ~~guarantee~~ gurantee will cost the Government nothing. If it does not unfortunately come up to expectations, the gurantee will, at the worst, mean an additional cost of about Rs. 15,000 to Government per annum for a period of five

five years (5 per cent on 3 lakhs - which is about half the estimated cost of the Factory); which, I would submit to Government, is an expenditure well worth incurring to save this important industry from extinction.

I request that you will be so good as to place the matter before the Government and obtain their orders about (1) the Government subscribing not less than 50 per cent of the capital required for the starting of the Factory as a Joint Stock Company, and (2) the Government guaranteeing for a period of five years a dividend or interest of 5 per cent per annum - which may be paid either annually or with cumulative effect at the end of five years - on the amount of capital subscribed by the public. On receipt of your reply communicating the decision of Government, necessary further action will be taken by the Association to canvass for the public subscriptions for the Factory.

'COPY'

Mr. Romieyn

For Director. 25.7.34

BV2

Ser. 107-33-3.

GEN. & REV. SECRETARIAT
30 AUG. 1934
DEVELOPMENT BRANCH.

MYSORE SILK ASSOCIATION.

ಮೈಸೂರು ರೇಷ್ಮೆ ಸಂಘ.

Rajasabhabhushana
Mr. K. R. SRINIVASIENGAR, M.A.,
Honorary President.

Albert Victor Road, Chamarajapet,
Bangalore City,
Dated 29th August 1934

D.O.No. 153
Encls: None

Dear Mr. Talkan

With reference to my conversation with you some days back in the matter of the establishment of a Silk Waste Plant in our State I held a meeting on the 22th instant of persons interested in the matter to scrutinize the estimate for 3000 spindles plant prepared by the Department, as suggested by you. Messrs. P. Subbarama Chetty and F.L. Silva who were present at the meeting offered certain suggestions for the revision of the estimates. They also wanted to have quotations obtained for a larger plant of 6000 spindles to see if this would not prove more profitable. The Director of Industries having in answer to my communication to him on the subject pointed out the inadvisability of going in for a bigger plant (vide copy of his letter herewith attached) I called a meeting again on the 23th instant to discuss the matter. Though Mr. Subbarama Chetty had written to say that he would attend the meeting, he did not do so; Mr. Silva also did not attend this meeting as he was not in the station. The meeting was, however, attended by Messrs. Narayana Rao Naik and Syed Allah Baksh (who had been present at the previous meeting) and also Mr. G. Subba Rao - all keenly interested in the sericultural industry. A copy of the proceedings of this meeting as also a copy of the letter I have addressed to-day to the Director of Industries in accordance with the decisions recorded at the meeting are herewith enclosed for your perusal. As soon as orders of Government are received on the proposals contained in my letter to the Director, I shall have the necessary further action taken for the formation of the Company.

35.v.34 (A)
Ser. 107-33-1

2. In this connection, I would request you to kindly have early orders passed (if it has not been done already) in the matter of placing at the disposal of the Department the special grant of -

A. 5.4.34.

Rs.50,000 for the improvement of the sericultural industry as recommended by me in my letter of 27th June last to the Director of Industries of which I have personally given you a copy.

Yours sincerely,

Rajamantrapravina Diwan Bahadur
K. MATTHAN, Esq., B.A.,
Member of Council,
BANGALORE.

D.C. No. D4-233/33-34 dated 21st August 1934 from the Director of Industries and Commerce to the Honorary President, Mysore Silk Association, Bangalore.

" Silk Waste Spinning Plant

I have received your D.C. letter No.136 dated the 17th August 1934 on the above subject.

I have gone into the question with the Superintendent of Sericulture. The 6000 spindles plant would require a very large quantity of silk waste to keep it in full working. It is estimated that it would require about 6 lakhs of lbs of silk waste ~~kkakxwaxkd~~ per annum, working single shift. The Silk Waste that would be available in Mysore is relatively small and in the beginning we might expect only about 2 to 2½ lakhs of lbs from here. Eventually it may go up to 5 lakhs of lbs. To meet the requirements of the bigger plant, we will have to depend for the supplies of raw materials from Bengal and Kashmir. It will be risky to depend on those supplies as a regular feature. Even in regard to the price of silk waste available in Mysore, we may have to be prepared ~~kx~~ for a rise in price if other competing interests insert themselves. For examble, foreign importers who have not been buying our waste now may inflate the prices for sometime to ~~x~~ cripple us. Working capital for a bigger plant will be higher. The 6000 spindle plant involves also a heavy capital outlay and in the event of the restricted supply of raw materials, a large portion of the plant may have to lie idle.

In these circumstances, it is considered desirable to make a ~~kgkxxxxxxgx~~ beginning with a 3000 spindle plant and work two shifts when more waste comes in. Later on, when we are sure of our raw material to a large extent, we may double the plant or put down another in another locality. I hope you will agree with me in this regard.

I am not cabling to Japan, as the firm which has given us the present estimate gave one for 6000 spindles three years back and has latterly been complaining that we are only asking for estimates, but no business has resulted."

" copy "

RS

HONORARY PRESIDENT

MYSORE SILK ASSOCIATION.

ಮೈಸೂರು ರೇಷ್ಮೆ ಸಂಘ.

Rajasabhabhushana
Mr. K. R. SRINIVASIENGAR, M.A.,
Honorary President.

Albert Victor Road, Chamrajpet,
Bangalore City,
Dated 29th August 1934

No:

To

The Director of Industries and Commerce
in Mysore, B A N G A L O R E.

Sir,

Subject: Silk Waste Spinning Plant.

With reference to correspondence ending with your D.O. No. 233/33-34 dated 21st August 1934 on the above subject, I have the honour to forward herewith a copy of the proceedings held at ~~this~~ the office of this Association on the 28th instant to consider the alternative estimates for (1) 3000 spindles plant and (2) 6000 spindles plant, as also other matters relating to the Company proposed to be formed for running the factory. As will be seen from the proceedings, in the light of the information and explanation furnished by you and the other officers of the Department, it is considered safer and more practical to erect the smaller plant (of 3000 spindles) for the present. The estimate for the factory prepared for this plant by the Department has been slightly revised as the result of the discussions thereon with Messrs. P. Subbarama Chetty, F.L. Silva and others, at the meeting held on the 11th August 1934 and a copy of the estimate as revised is herewith attached.

I now request that you will be so good as to obtain the approval of Government to the estimate as also their sanction to the undermentioned proposals:-

(i) That a public company be floated with an authorised share capital of Rs.5 lakhs, divided into 50,000 shares of Rs.10/- each, the entire capital being thrown open to the public for subscription.

(ii)

(ii) That the Government guarantee a return of 5% on the capital subscribed by the public for a period of at least 7 years.

(iii) That in the event (which is considered unlikely) of the full amount of the capital not being subscribed by the public, Government take up the necessary number of shares required to make up the deficiency subject to a maximum of 50% of the total number.

(iv) That the safeguards detailed in para II of the annexed copy of the proceedings to be adopted by the Government to protect their interest as guarantors during the period of guarantee.

(v) That the company be authorised to announce in the prospectus to be issued by it, the abovementioned concessions &c., sanctioned by Government.

On receipt of the orders of Government on the above points, I shall submit for approval a draft of the detailed prospectus to be issued by the company as also the names of the persons proposed for the first provisional Board of Directors.

I have the honour to be,

Sir,

Your most obedient servant,

K.R. SRINIVASIENGAR

RS HONORARY PRESIDENT

" COPY "

HONORARY PRESIDENT

MYSORE SILK ASSOCIATION

Proceedings of the meeting held on Tuesday the 23th August 1934 in the premises of the Association to consider the estimates of the proposed Silk Waste Spinning Factory. and other matters relating to the erection of the factory.

- P r e s e n t -

1. Rajasabhabhushana Mr. K.P. Srinivasiengar, M.A., HONORARY PRESIDENT
2. Mr. A.V. Ramanathan, B.A., Director of Industries & Commerce in Mysore.
3. " H.S. Govinda Rao, B.A., Superintendent of Sericulture in Mysore.
4. " Syed Allah Baksh,
5. " G. Subba Rao,
6. " K. Shamsuddin Khan, B.A., Honorary Secretary,
7. " Narayana Rao G. Naik, Joint Secretary.

The following decisions were arrived at ~~at the meeting~~ after detailed discussion;

I. The two alternative proposals (i) Government's guaranteeing a return of 5% on the share capital subscribed by the public for a certain number of years, and (ii) their subscribing for half the share capital proposed for the Company if no guarantee is given, were considered; and it was decided that proposal (i) may be adopted, the guarantee of Government being given for a period of 7 years with the proviso that in the event ~~of~~ (which is considered unlikely) of the full amount of the required share capital not being forthcoming from the public, the deficiency be made up by the Government taking up the remaining shares themselves subject to a maximum of 50% of the total share capital, and that the Government be requested to authorise the Company to make an announcement to this effect in the prospectus to be issued by it.

II. That in the event of the Government's guaranteeing a return on the capital subscribed by the public as mentioned above, the following safeguards might be adopted by them, viz.,

(a)

32

(a) 2 out of 7 Directors proposed for the Company to be nominated by Government;

(b) the election of the Chairman to be subject to the approval of Government;

(c) the appointment of the Secretary to be made with the approval of Government

(d) Government to have the right to cause the accounts of the Company to be inspected and audited at any time by their officers at their own cost;

(e) when any difference arises between the Company and the Government in regard to allocation of any expenditure or any other matter connected with the ascertainment of profits, the matter to be referred to the District Judge, Bangalore, for arbitration and decision; and

(f) the Company to abide generally by the advice of Government in respect of all items of expenditure during the period of guarantee.

III. As regards the point raised at the previous meeting whether a 3000 spindles plant or one of 6000 spindles should be erected, it was considered in the light of the further information and explanation furnished by the Director of Industries and Commerce, that the smaller plant would quite satisfy the present requirement and that the ~~probable~~ estimate therefor revised as the result of the discussions at the last meeting held on 11th August 1934 and appended hereto might be adopted.

IV. The meeting was of opinion:-

(a) that the authorised share capital of the Company (Rs.5 lakhs) might be divided into 50,000 shares of Rs.10/- each and the minimum subscription on which the Directors might commence allotment fixed at 50% (i.e., 25,000 shares);

(b) that the share money might be made payable as follows:- Rs.2/- with application, Rs.4/- on allotment and the balance on calls of Rs.2/- each to be made at intervals of not less than 2 months each;

(c) that the qualification shares for a Director might be

fixed

33

fixed at 200 shares; and

(d) that with a view to determine the first set of provisional Directors whose names should appear in the prospectus, it be ascertained whether the following gentlemen are willing to take up the minimum number of shares required for qualifying them to become Directors:-

1. Mr. Narayana Rao G. Naik,
2. " G. Subba Rao,
3. " P. Subbarama Chetty,
4. " Basavanna Devaru,
5. " F.L. Silva,
6. " Prabhuswamy (Kollegal),
7. " Bisani Balanna Setty,
8. " S.V. Srinivasa Setty,
9. " Abdul Kareem.

Note: Messrs. Narayana Rao Naik and G. Subba Rao who were present at the meeting expressed their willingness to take ~~2000~~ 200 shares of Rs.10/- each in the Company and serve on the provisional Directorate.

K.R. SRINIVASIENGAR

RS Honorary President

" Copy "

PRESIDENT
Mysore Silk Association

MYSORE SILK ASSOCIATION

PROBABLE ESTIMATE OF SILK WASTE SPINNING FACTORY

of 3,000 Spindles.

I. Capital Expenditure:

(1) Cost of machinery including accessories, Gas generating plant, water tank and pump, Humidifying apparatus, Testing machinery (on the basis of latest quotations: (Exchange- 100 Yens = Rs.85/-)		Rs. 2,63,500
(2) Add customs duty at 10%		26,350
(3) Transport of machinery from Kobe to Closepet ..		10,000
(4) Cost of erection including Electric fittings, Gas connections, Steam and water connections,&c.		20,000
(5) Cost of Factory Buildings:..		
(a) Main building, floor space 38,000 sq.ft. 15' high walls (fly roof) with iron trusses) (b) Stores, Boiler Room and other accessory buildings 10,000 sq.ft.		84,000
(6) Cost of Office Buildings (Board Office)		10,000
(7) Cost of quarters for Assistant Expert, Accountant, one clerk and two watchmen		10,000
T o t a l		4,23,850
OR		Rs. 4,25,000

II. Annual Working Expenditure:

(1) Raw material - 2,40,000 lbs @ as.3 per lb.		45,000
(2) Pay of staff:-		
(a) Chief Expert on Rs.1,000 per mensem -	Rs.12,000)	
(b) Assistant Expert - Rs.800/- "	9,600)	
(c) 12 Supervisors on an average of Rs.50/- per mensem	7,200)	28,800
(3) Office Establishment:-		
(a) Secretary @ Rs.300 per mensem -	3,600)	
(b) Cashier & Accountant @ Rs.100/- p.m.	1,200)	
(c) 3 clerks @ Rs.40/- per mensem	1,440)	
(d) 2 peons and 4 watchmen each @ Rs.11/-	792)	
(e) Store-keeper @ Rs.75/- per mensem	900)	
(f) Mechanic @ Rs.100/- per mensem	1,200)	
(g) Boiler-man @ Rs.30/- per mensem	360)	
(h) Gas and Water Plant men @ Rs.20/- each per mensem	480)	9,972
(4) Wages:- 40 men at annas 6 per day	4,500)	
120 ~~men~~women at annas 4 per day	9,000)	
(300 working days)		13,500
C.F.		97,272

37

	B.F.	97,272- 0- 0
(5) Expenditure on purchase and transport of raw materials at 4 pies on 2,40,000 lbs.		5,000- 0- 0
(6) Cost of Marseilles Soap at 5% of the raw material weight: 12,000 lbs at Rs.24/- per cwt.		2,570- 0- 0
(7) Other Stores		5,600- 0- 0
(8) Fuel for Boiler for degumming plant ~~xxxx~~ at about 3½ tons firewood per day for 100 working days. 350 tons @ Rs.8/- per ton ..		2,700- 0- 0
(9) Fuel for Gas plant		4,000- 0- 0
(10) Electric power charges (200 H.P.)		10,000- 0- 0
(11) Remuneration to Directors, Travelling Allowances, Audit fees, etc. Office Expenses, postage, contingencies, printing etc.		6,000- 0- 0
(12) Depreciation on Machinery at 5% on Rs.3,19,850 ..		15,992- 8- 0
(13) Depreciation on Buildings at 2½% on 1,04,000 ..		2,600- 0- 0
(14) Repairs to buildings at 1%		1,040- 0- 0
(15) Selling charges at 5% on Rs.2,12,000 ..		10,600- 0- 0
T o t a l ..		1,63,374- 8- 0
OR		Rs. 1,65,000- 0- 0

(N.B. The annual working capital is Rs.1,65,000. Ordinarily the working capital can be rotated once in three months. It means that the actual working capital necessary would be only about Rs.42,000/-. But a sum of Rs.75,000/- is provided to enable stocks being held for ~~xxxgx~~ longer than 3 months period, if necessary)

III. Production:

(1) 32,000 lbs yarn at Rs.5/- per lb.	1,60,000	
(2) 16,000 lbs yarn at Rs.3/4 per lb.	52,000	
		2,12,000- 0- 0

T o t a l Receipts ..	Rs.2,12,000
Total Expenditure ..	Rs.1,65,000
Net Profit	Rs. 47,000

For a total share capital of Rs.5,00,000 (i.e., 4¼ lakhs fixed capital and Rs.75,000 working capital) the total profit is Rs.47,000 which works out to 9.4%. When after a period of 2 years or so the services of foreign experts are dispensed with, a sum of Rs.9,600/- could be easily saved under salaries and the profits increased to Rs.56,600/- which would work out to 11.3%.

In course of time, if the supply of waste and other conditions admit of the working of double shift, the net profits may be expected to go up to more than 15%.

RS

HONORARY PRESIDENT
MYSORE SILK ASSOCIATION.

---ooo---

GEN. & REV. SECRETARIAT
4 SEP. 1934
DEVELOPMENT BRANCH

Telegraphic Address:—"INDUSCOM."

GOVERNMENT OF MYSORE.

DEPARTMENT OF INDUSTRIES AND COMMERCE.

1064

In reply please refer to
No. D4-233/33-34
Encl, Nil

OFFICE OF THE DIRECTOR,

Dated Bangalore, ...31st August.....*193* 4.

3/9.

Ser. 107-33-4

FROM

A. V. RAMANATHAN, ESQ., B.A.,
Director of Industries and Commerce in Mysore,
Bangalore (India).

To

M. Venkatanaranappa, Esq., B.A.,
Secretary to the Government of Mysore,
Development Department, Bangalore.

SIR,

In continuation of my letter No. D4-233/33-34 dated the 25th July 1934 in the matter of the proposal to start a company for a Silk Waste Spinning Plant, I have the honor to submit herewith a further letter No. 152 dated the 29th August 1934 received from the Honorary President, Mysore Silk Association, together with its enclosures in the matter. The President states that the Committee of the Association which considered this subject is of the opinion that a 3000 spindle plant would quite satisfy the present requirement and that the estimate personally revised as a result of the discussions at the previous meeting held on the 11th August 1934 and appended to this resolution might be adopted. The President in forwarding the proceedings of the meeting requests that the approval of Government may be obtained to the estimate and Government sanctions obtained to the following proposals -

1) That a public company be floated with an authorised share capital of five lakhs of Rupees, divided into 50,000 - shares of Rs 10/- each, the entire capital being thrown open to the public for subscription.

2) That the Government guarantee a return of 5% on the capital subscribed by the public for a period of at least 7 years.

3) That in the event(which is considered unlikely) of the full amount of the capital not being subscribed by the public, Government take up the necessary number of shares required to make up the deficiency subject to a maximum of 50% of the total number.

4) That the safeguards detailed in para II of the annexed copy

copy of the proceedings be adopted by the Government to protect their interest as guarantors during the period of guarantee.

5) That the Company be authorised to announce in the prospectus to be issued by it, the abovementioned concessions &c sanctioned by Government.

I am of the opinion that the request of the Mysore Silk Association may be granted and that the safeguards proposed in favour of Government to protect their interests as guarantors of dividend during the period of such guarantee would be adequate for the purpose.

I am consulting some Brokers in the City informally whether we can expect them to under-write the whole or any portion of the share capital on the conditions stated in the resolution ~~of~~ and the President's letter. I shall submit a separate Confidential Demi-official report on the result of my enquiries. If they prove favourable, request No. 3 in the President's letter would become unnecessary.

I request that the sanction of Government may kindly be obtained to the proposals in the resolutions of the Committee and the letter of the President to facilitate the early formation of a company and the starting of a Silk Waste Spinning Plant.

I have the honor to be,
Sir,
Your most obedient servant,

Director.

AVR-USC

Copy of letter No.152 dated 29th August 1934 from the Honorary President, Mysore Silk Association, Bangalore City, to the Director of Industries & Commerce, Bangalore.

Subject: Silk Waste Spinning Plant.

With reference to correspondence ending with your D.O. No. 233/33-34 dated 21st August 1934 on the above subject, I have the honour to forward herewith a copy of the proceedings held at the office of this Association on the 28th instant to consider the alternative estimates for (1) 3000 spindles plant and (2) 6000 spindles plant, as also other matters relating to the company proposed to be formed for running the factory. As will be seen from the proceedings, in the light of the information and explanation furnished by you and the other officers of the Department, it is considered safer and more practical to erect the smaller plant (of 3000 spindles) for the present. The estimate for the factory prepared for this plant by the Department has been slightly revised as the result of the discussions thereon with Messrs. P.Subbarama Chettu, F.L. Silva and others, at the meeting held on the 11th August 1934 and a copy of the estimate as revised is herewith attached.

I now request that you will be so good as to obtain the approval of Govt. to the estimate as also their sanction to the undermentioned proposals:-

(1) That a public company be floated with an authorised share capital of Rs 5 lakhs, divided into 50,000 shares of Rs 10/- each, the entire capital being thrown open to the public for subscription.

(2) That the Govt. guarantee a return of 5% on the capital subscribed by the public for a period of atleast 7 years.

(3) That in the event (which is considered unlikely) of the full amount of the capital not being subscribed by the public, Govt. take up tthe necessary number of shares required to make up the deficiency subject to a maximum of 50% of the total number.

(4) That the safeguards detailed in para (2) of the annexed copy of the proceedings be adopted by the Govt. to protect their interest as guarantors during the period of guarantee.

(5) That the company be authorised to announce in the prospectus to be issued by it, the abovementioned concessions &c., sanctioned by Govt.

On receipt of the orders of Govt. on the above points, I shall submit for approval a draft of the detailed prospectus to be issued by the company as also the names of the persons proposed for the first provisional Board of Directors.

"COPY"

M.K. Ramiengar
for Director 3.9.34.

RKS.

MYSORE SILK ASSOCATION.

Proceeding of the meeting held on Tuesday the 28th August 1934, in the premises of the Association to consider the estimates of the proposed Silk Waste Spinning Factory.

- Present:-

1. Rajasabhabhushana Mr. K.R.Srinivasaiengar, M.A., Honorary President.
2. Mr. A.V.Ramanathan, B.A., Director of Industries & Commerce.
3. Mr. H.S.Govinda Rao, B.A., Superintendent of Sericulture.
4. Mr. Syed Allah Baksh.
5. Mr. K.Shamsuddin Khan, B.A., Honorary Secretary.
6. Mr. Narayana Rao G. Naik, Joint Secretary.

The following decisions were arrived at afer detailed discussion:

I. The two alternative proposals (i) Govt.'s guaranteeing a return of 5% on the share capital subscribed by the public for a certain number of years, and (ii) their subscribing for half the share capital proposed for the company if no guarantee is given, were considered; and it was decided that proposal (i) may be adopted. the guarantee of Govt. being given for a period of 7 years with the proviso that in the event (which is considered unlikely) of the full amount of the required share capital not being forthcoming from the public. the deficiency be made up by the govt. taking up the remaining shares themselves subject to a maximum of 50% of the total share capital. and that the Govt. be requested to authorise the company to make an announcement to this effect in the prospectus to be issued by it.

II. That in the event of the Govt.'s guaranteeing a return on the capital subscribed by the public as mentioned above, the following safeguards might be adopted by them, viz.,

(a) 2 out of 7 Directors proposed for the Company to be nominated by Govt. ;

(b) the election of the chairman to be subject to the approval of the Govt.;

(c) the appointment of the Secretary to be made with the approval of the Govt;

(d) Govt. to have the right to cause the accounts of the company to be inspected and audited at any time by their officers at their cost.;

(e) When any difference arises between the company and the Govt. in regard to allocation of any expenditure or any other matter connected with the ascertainment of profits, the matter to be referred to the District Judge, Bangalore, for arbitration and decision; and

(e) the Company to abide generally by the advice of the Govt. in respect of all items of expenditure during the period of guarantee.

III. As regards the point raised at the previous meeting whether a 3000 spindles plant or one of 6000 spindles should be erected it was considered in the light of the further information furnished by the Director of Industries and Committee smaller plant would quite satisfy the present requirements and the estimate therefor revised as the result of the discussions at the last meeting held on 11th August 1934 and appended hereto be adopted.

IV. The meeting was of opinion--

(a) that the authorised share capital of the company might be divided into 50,000 shares of Rs 10/- each and the subscription on which the Directors might commence allotment 50% (i.e., 25,000 shares);

(b) that the share money be made payable as follows Rs.2/- with application, Rs.4/- on allotment and on calls of Rs.2/-each to be made at intervals of not less than 2 months each;

(c) that the qualification shares for a Director might be fixed at 200 shares; and

(d) that with a view to determine the first set of provisional Directors whose names should appear in the prospectus, it be ascertained whether the following gentlemen are willing to take up the ~~maximum~~minimum number of shares required for qualifying them to become Directors :-

1. Mr. Narayana Rao G. Naik
2. " G. Subba Rao
3. " P. Subbarama Chetty
4. " Basavanna Devaru
5. " F.L.D'Silva
6. " Prabhuswamy (Kolleqal)
7. " Bisani Balanna Setty
8. " S.V.Srinivasa Setty
9. " Abdul Kareem.

Note: Messrs. Narayana Rao Naik and G.Subba Rao who were present at the ~~maxi~~ meeting expressed their willingness to take 200 shares of Rs.10/- each in the Company and serve on the provisional Directorate.

K.R.SRINIVASIENGAR

Honorary President.

"COPY"

K.R.Ramiengar 3/9/34
for Director

RKS.

MYSORE SILK ASSOCIATION.

PROBABLE ESTIMATE OF SILK WASTE SPINNING FACTORY OF 3,000 SPINDLES.

I. Capital Expenditure:

(1) Cost of machinery including accessories, Gas generating plant, water tank and pump, Humidifying apparatus, Testing machinery (on the basis of latest quotations: (Exchange - 100 Yens = Rs.85/-)		Rs. 2,63,500
(2) Add customs duty at 10%		26,350
(3) Transport of machinery from Kobe to Closepet.		10,000
(4) Cost of erection including Electric fittings, Gas connections, Steam and Water connections,&c.		20,000
(5) Cost of Factory Buildings:-		
(a) Manin building, floor space 38,000 sq.ft.) 15' high walls(fly roof) with iron trusses) (b) Stores, Boiler,Room and other accessory) buildings 10,000 sq.ft.)		84,000
(6) Cost of Office Buildings (Board Office).		10,000
(7) Cost of quarters for Assistant Expert, Accountant, one clerk and two watchmen.		10,000
T o t a l ..		4,23,850
OR Rs.		4,25,000

II. Annual Working Expenditure:

(1) Raw material - 2,40,000 lbs. @ as.3/- per lb.		45,000
(2) Pay of staff:-		
(a) Chief Expert on Rs.1000/- per mensem	Rs.12,000)	
(b) Assistant Expert - Rs.800/- "	9,600)	
(c) 12 Supervisors on an average of Rs50/- per mensem.	7,200)	
	-------	28,800
(3) Office Establishment:-		
(a) Secretary @ Rs.300/- per mensem.	3,600)	
(b) Cashier & Accountant @ Rs.100/- p.m.	1,200)	
(c) 3 clerks @ Rs.40/- per mensem.	1,440)	
(d) 2 peons and 4 watchmen each @ Rs.11/-	792)	
(e) Store-keeper @ Rs.75/- per mensem.	900)	
(f) Mechanic @ Rs.100/- per mensem.	1,200)	
(g) Boiler-man @ Rs.30/- per mensem.	360)	
(h) Gas and Water plant men @ Rs.20/- each per mensem.	480)	
	-------	9,972
(4) Wages:- 40 men at annas 6 per day ..	4,500)	
120 women at annas 4 per day	9,000)	
(300 working days)	-------	13,500
	C.F.	97,272

42

	B.F.	97,272	0 0
(5) Expenditure on purchase and transport of raw materials at 4 pies on 2,40,000 lbs.		5,000	0 0
(6) Cost of Marseilles Soap at 5% of the raw material weight: 12,000 lbs. at Rs.24/-per cwt.		2,570	0 0
(7) Other Stores.		5,600	0 0
(8) Fuel for Boiler for degumming plant at about 3½ tons firewood per day for 100 working days. 350 tons @ Rs.8/- per ton. ..		2,700	0 0
(9) Fuel for Gas plant		4,000	0 0
(10) Electric power charges (200 H.P.) ..		10,000	0 0
(11) Remuneration to Directors, Travelling Allowannes, Audit fees, etc. Office expenses, Postage, contingencies, printing etc.		6,000	0 0
(12) Depreciation on Machinery at 5% on Rs.3,19,850.		15,992	8 0
(13) Depreciation on Buildings at ~~2%~~ 2½% on 1,04,000.		2,600	0 0
(14) Repairs to buildings at 1%. ..		1,040	0 0
(15) Selling charges at 5% on Rs.2,12,000. ..		10,600	0 0
	T o t a l ..	1,63,374	8 0
	OR. ..	Rs.1,65,000	0 0

(N.B.- The annual working capital is Rs.1,65,000. Ordinarily the working capital can be rotated once in three months. It means that the actual working capital necessary would be only about Rs.42,000/-. But a sum of Rs.75,000/- is provided to enable stocks being held for longer than 3 months period, if necessary).

III. Production:

(1) 32,000 lbs. yarn at Rs.5/- per lb.	1,60,000	
(2) 16,000 lbs. yarn at Rs.3/4 per lb.	52,000	
	2,12,000	0 0

Total Receipts ..	..Rs.2,12,000
Total Expenditure	.. 1,65,000
Net profit ..	Rs. 47,000

For a total share capital of Rs.5,00,000 (i.e., 4½ lakhs fixed capital and Rs.75,000 working capital) the total profit is Rs.47,000 which works out to 9.4%. When after a period of 2 years or so the foreign experts are dispensed with, a sum of Rs.9,600/- could be easily saved under salaries and the profits increased to Rs.56,600/- which would work out to 11.3%.

In course of time, if the supply of waste and other conditions admit of the working of double shift, the net profits may be expected to go up to more than 15%.

Sd/-
Honorary President,
Mysore Silk Association.

CSG/-

"COPY"
H.K. Ramiengar
For Director 3/9

972

43

Tels.—"INDUSCOM"

Codes used—A.B.C., 5th Edn., Bentley's.

GOVERNMENT OF MYSORE.

Department of Industries and Commerce.

GEN. & REV. BRCH TARIAT
27 SEP. 1934
DEVELOPMENT BRANCH

Mr. A. V. Ramanathan, B.A.,
Director.

OFFICE OF THE DIRECTOR,

DEVELT. BRANCH
D. O. No. SD4-233/33-34
Seri
26. SEP. 1934

1562

Bangalore, dated 26th Septr. 1934

Seri 107-33-5

My dear Venkataramanaiya,

D.1064
Seri 107-33-4

In continuation of my official letter No. D4-233/33-34 dated the 31st Augt. 1934 in the matter of starting a Company for a Silk Waste Spinning plant, I beg to report that one Mr. V. C. Subbaiya Gounder has sent me the ~~following~~ enclosed note through Mr. F. Gaebele, 1 A. Sidney Road, Bangalore. Mr. Gaebele informed me that the late Mr. Syed Ismail and he were in correspondence with a Continental firm in connection with setting up a Silk Waste Spinning plant and that a ton of Mysore waste had been sent to the manufacturers for trial and advising as to the proper machinery and that the quotations having been received, Mr. Subbaiya Gounder is likely to place an order for the plant almost immediately and that he had requested him to find out whether in view of the newspaper report that the Government ~~xxx~~ of Mysore are contemplating a similar factory, there would be any objection to Mr. Subbaiya Gounder proceeding with his scheme. I told him that the main object of the Government was to secure the establishment of such a factory and that if Mr. Subbaiya Gounder established one, the Government were not likely to

to compete with that factory or set up a rival factory. I am writing to Mr. Subbaiya Gounder to come to Bangalore to interview me in regard to the further details.

Yours sincerely,
M. Venkatanaranappa

M. Venkatanaranappa, Esq., B.A.,
Secretary to the Government of Mysore,
Development Department, Bangalore.

AVR:USC)

W5

V. C. Subbaiya Gounder

Vellakkinar House,
Coimbatore, 24th Septr. 34.

I, V. C. Subbaiya Goúnder, residing at the above address have the intention to instal in the very near future within the Mysore Government territory and at - such place that may be selected by the Mysore Government, a spun silk plant 6480 spindles of long, medium and short draught; 2380 spindles of twisting and a complete recupera -tion plant for final waste. I am already negotiating with Mr. Gaebele residing in Bangalore for the purchase of plant.

REFERENCE - My Bankers are the Imperial Bank of India, Coimbatore.

Sd. V. C. Subbaiya

" COPY "

M.K. Ranganathan
Director. 26.9.34.

15-62
1024

46

Tels.—" INDUSCOM "

Codes used—A.B.C., 5th Edn., Bentleys.

GOVERNMENT OF MYSORE.

Department of Industries and Commerce.

D. O. No. D4-233/33-34

Mr. A.V. Ramanathan, B.A.,
Director.

OFFICE OF THE DIRECTOR,
Bangalore, dated 19th October 1934.

First Member 19/10
How does the question stand? 20.10.34.

Facts with
for financing
interest?

Dear Mr. Venkatanaranappa,

D. 1562 - O.

In continuation of my letter No.D4-233/33-34 dated 20th Septr. 1934, in the matter of Mr. V.C. Subbaiya Gounder's request regarding the Silk Waste Spinning Plant, I write to state that Mr. Subbaiya Gounder discussed the question with me on the 15th and 16th instant. He also discussed the entire details of his scheme with the Superintendent of Sericulture who gave him also the rough details of our scheme. Mr. Subbaiya Gounder, as a result of his further study with Mr. Govinda Rao and discussion with me, found that his previous estimates were not satisfactory and that therefore it might not be practicable for him to put down a plant with French machinery as his own concern or by a company floated by him on his own initiative. I then questioned him whether he had any definite ideas as to joining the Mysore Company if one were floated on the lines of the proposals now before Government and whether he could give me an idea of the amount of share capital he would like to put into the Company. He enquired whether, in these circumstances, he would get an advantage by subscribing a substantial amount of share capital. I suggested to him that it was for him to ask for what concessions he wanted, and said that if, for example, he subscribed, say, a lakh of rupees, he might perhaps ask for being an ex-officio Director, so long as share capital to that extent stood in his name, but that would be a matter for the Government and for the new Company to decide when it is formed.

formed.

He promised to consult his friends and also the Deputy Director of Sericulture, Madras, and write to me.

In these circumstances, I consider that it is necessary for us to push forward the scheme which I have submitted in my letter of the 31st August 1934.

D.1064-34-4

Yours sincerely,

M. Venkatanaranappa, Esq., B.A.,
Secretary to the Government of
Mysore, Development Department,
Camp: Mysore.

AVR:KS)

G. R. S. App. F VI—G 2]

SUBJECT 48

.....

.....

Diary. No of letter replied to .....

General and Revenue Secretariat

( )

the *193* .

Date of issue..... 193

Signed by .....

May this be—

(i) printed ?

(ii) treated as a standing order ?

(iii) published in the Gazette, English Part ?

(iv) translated ?

(v) placed at the disposal of the press ?

(vi) published in the Gazette, Kannada Part ?

Section Ind

File No. 107-33

Serial No. 6

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read— Correspondence ending with D.O. Lr. No. A 233/33-34 dt 19-10-34 from the Director of I&C submitting a detailed note & estimates in consultation with the Tumkur Silk Association for the establishment of a Silk ~~Order thereon. No.~~ Waste Spinning Factory with the help of the Govt as detailed in the annexure to this order.

Order :-

Tumkur produces nearly 7 lakhs of pounds of silk waste every

every year & its proper utilisation is of great importance to the Sericultural industry. Until recently the Silk waste produced in ~~reeling~~ reeling raw silk had a ready export market & the price obtained for this bye-product helped to reduce the cost of raw silk. On account of the present depression & other causes, hardly any silk waste is imported from India by Italy & Japan & the waste is accumulating in the Country. Silk-waste from Import was sent to Japan & Italy & spun into yarn & Specifications have been obtained for a spinning plant to handle the silk-waste available here, together with estimates

List of Enclosure

Copied by

Examined by

WD 0185—GPB—15,000—13-8-34

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

estimates of capital cost & operation & sevices.

The question of the utilisation of Silk-waste in the manufacture of Spun Silk & starting of a factory therefor in Mysore has been considered in great detail by the Director of Ind & the Mysore Silk Association both of whom recommend the starting of a factory in Mysore with an authorised share capital of five lakhs of rupees, divided into 50000 Shares of Rs 10/- each, the entire capital being thrown open to the public for subscription. They also suggest that Govt might guarantee a return of 5 per cent on the capital subscribed by the public for a period of at least seven years & that, in the event of the full capital not being

WD 0255—GPB—10,000—23-8-32

being subscribed by the public, Govt might take up the necessary no. of shares required to make up the deficiency, subject to a maximum of 50 per cent of the total number. They have also ~~adopted~~ suggested the adoption of the following safeguards with a view to secure the interests of Govt in the concern.

(a) Two out of seven directors proposed for the company to be nominated by Govt;

(b) the election of the chairman to be subject to the approval of the Govt;

(c) the appointment of the secretary to be made with the approval of the Govt;

(d) Govt to have the right to cause the accounts of the company to be inspected & audited at any time by their officers at their own cost;

(e) when any difference arises between

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

between the company & the Govt in regard to allocation of any expenditure or any other matter connected with the ascertainment of profits, the matter to be referred to the District Judge, Bangalore, for arbitration & decision, and

(f) the company to abide generally by the advice of the Govt in respect of all items of expenditure during the period of guarantee.

This question was fully discussed at the first meeting of the Sericultural Board held on the 19th Nov 1934. The opinion was unanimous that a Waste Spinning factory should be established in Bangalore as part of the development of the industry

Govt have very carefully considered the

WD 0255—GPR—10,000—23-8-32

~~to deal~~ ~~The Sericultural Board~~ ~~in all its aspects generally~~ ~~of the proposals~~ ~~agree in the views of the~~ and ~~Govt~~ * ~~Sericultural Board.~~ ~~are pleased~~ in the event of to direct that the following concessions be granted to the Silk Waste Spinning Factory when the same is started in the State.

(1) Govt to guarantee 5% interest on the capital for a period of 7 years from the date that the factory comes into operation

(2) Govt will to subscribe a small proportion of the capital, if necessary. during the period of guarantee, excess return over 5% must be available to prepay any portion of the interest paid by Govt. The grant of the above concessions ~~is~~ are subject however to the conditions suggested by the Association for giving opportunities of control to Govt * to the observance, in addition, of

the

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

the conditions attaching to State aided concerns. ~~e.g. Labour Electorate.~~

The Director of Ite is requested to submit for the approval of Govt the draft prospectus for establishing a Silk Waste Spinning Factory on joint stock basis.

to take necessary further action in regard to examination of the feasibility on a joint stock basis

MW.

10/11 Secy to Govt
to Devt dept.

Sir,

The Director of Ite
is compelled to Govt this
file Secy.

Registrar of the High
Court with acquiescence

1562
53

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

Read:-

Correspondence ending with D. O. letter No.4233/33-34 dated 19th October 1934 from the Director of Industries and Commerce submitting a detailed note and estimates in consultation with the Mysor Silk Association for the establishment of a Silk Waste Spinning Factory with the help of the Government as detailed in the annexure to this order.

Order No. D4490-92/[illegible]

Dated, Bangalore, the 11th January 1935.

Mysore produces nearly 7 lakhs of pounds of silk waste every year and its proper utilisation is of great importance to the Sericultural industry. Until recently the silk waste produced in reeling raw silk had a ready export market and the price obtained for this bye-product helped to reduce the cost of raw-silk. On account of the present depression and other causes, hardly any silk waste is imported from India by Italy and Japan and the waste is accumulating in the country. Silk waste from Mysore was sent to Japan and Italy and spun into yarn and specifications have been obtained for a spinning plant to handle the silk waste available here, together with estimates of capital cost and operation expenses.

The question of the utilisation of silk waste in the manufacture of spun silk and starting of a factory therefor in Mysore has been considered in great detail by the Director of Industries and Commerce and the Mysore Silk Association both of whom recommend the starting of a factory in Mysore with an authorised share capital of five lakhs of rupees, divided into 50000 shares of Rs10/- each, the entire capita being thrown open to the public for subscription. They also suggest that Government might guarantee a return of 5 per cent on the capital subscribed by the public for a period of at least seven years and

that, in the event of the full capital not being subscribed by the public, Government might take up the necessary number of shares required to make up the deficiency, subject to a maximum of 50 per cent of the total number. They have also suggested the adoption of the following safeguards with a view to secure the interests of Government in the concern.

(a) Two out of seven Directors proposed for the company to be nominated by Government;

(b) the election of the Chairman to be subject to the approval of the Government;

(c) the appointment of the Secretary to be made with the approval of the Government;

(d) Government to have the right to cause the accounts of the company to be inspected and audited at any time by their officers at their own cost;

(e) when any difference arises between the company and the Government in regard to allocation of any expenditure or any other matter connected with the ascertainment of profits, the matter to be referred to the District Judge, Bangalore, for arbitration and decision, and

(f) the company to abide generally by the advice of the Government in respect of all items of expenditure during the period of guarantee.

3) This question was fully discussed at the first meeting of the Sericultural Board held on the 19th November 1934. The opinion was unanimous that a Waste Spinning Factory should be established in Mysore as part of the development of the industry.

4) Government have very carefully considered the proposals and are pleased to direct that the following concessions be granted to the Silk Waste Spinning Factory when the same is started in the State:-

(1) Government to guarantee 5% interest on the capital for a period of 7 years from the date that the factory comes into operation.

(2) Government to subscribe a small proportion of the capital.

if necessary. During the period of guarantee, excess return over 5% must be available to repay any portion of the interest paid by Government. The grant of the above concessions is subject, however, to the conditions suggested by the Association for giving opportunities of control to Government and to the observance, in addition, of the conditions attaching to State-aided concerns.

The Director of Industries and Commerce is requested to take necessary further action in regard to the establishment of the Factory on a joint stock basis.

K. Panduranga Rao
Secretary to Government,
Development Department.

To

The Director of Industries and Commerce in Mysore

The Comptroller to Government through the Financial Sectt.

The Registrar, High Court of Mysore, Bangalore.

psk-5

PROBABLE ESTIMATE OF SILK-WASTE SPINNING FACTORY OF 3,000 SPINDLES

Sl No.	D E T A I L S.	Amount
	I. CAPITAL EXPENDITURE	
(1)	Cost of machinery including accessories, gas generating plant, water tank and pump, Humidifying apparatus, Testing machinery on the basis of latest quotations. (EXCHANGE 100 YENS: Rs.85/-)	2,63,500- 0- 0
(2)	Add customs duty at 10%.	26,350- 0- 0
(3)	Transport of machinery from Kobe to Closepet ..	10,000- 0- 0
(4)	Cost of erection including electric fittings gas connections, steam and water connections etc.	20,000- 0- 0
(5)	(a) Main Building, floor space, 38,000 Sq.ft. 15' high walls (Fly roof) with iron Trusses at Rs.2-8-0 per sq.ft. (Zinc sheet). Rs.95,000/-	1,20,000- 0- 0
	(b) Stores, Boiler room and other accessory buildings 10,000 Sq.ft. " 25,000/- (including value of lands) ..	
(6)	Cost of Office Buildings (Board)	10,000- 0- 0
(7)	Cost of Quarters for Assistant Expert, Accountant, one Clerk and two peons: (Watchmen).	10,000- 0- 0
		4,59,850- 0- 0 or
	Rs. 4,60,000-0-0	
	II WORKING EXPENSES.	
(1)	Raw material: 2,40,000 lbs. @ as. 3 per lb.	45,000- 0- 0
(2)	Pay of staff Etc.	
		Annually.
	(a) Chief Expert @ Rs.1,000 per mensem =	Rs.12,000/-
	(B) One Assistant Expert @ 800 " - "	9,600/-
	Training 3 officers for work @ Rs.300 per mensem. - "	3,600/- 29,520- 0- 0
	(c) 12 Operatives - on wages on an average of Rs.30/- per mensem (ranging from Rs.25/- to 40/-) - "	4,320/-
	C. O. Rs.	74,520- 0- 0

Sl. No.	Details.		Amount. Rs.	A.	P.
	Brought forward.		74,520	0	0
III.	Office establishment.	Annually.			
	Secretary @ Rs. 300/.p-m.	Rs. 3,600/-			
	Cashier. @ Rs. 50/- "	600/-			
	Accountant @ Rs. 60/- "	720/-			
	Clerks 3 @ Rs. 40/- "	1,440/-	9,192	0	0
	Peons 2 & Watchmen 4 @ Rs. 11/- each (66 x 12)	792/-			
	Mechanic @ 100/- "	1,200/-			
	Boiler-man @ 30/- "	360/-			
	Gas & Water-plant man. @ 20/- " 2 each Rs.20/- 2x20x12	480/-			
~~4.~~	Wages: 40 men at 6 as per day.	4,500/-	11,250	0	0
	120 women @ as.3 per day.	6,750/-			
~~5.~~	Expenditure on purchase and transport of raw materials at 6 pies. (of this, 2 pies is brokerage and 4 pies is transport on an average i.e., 5 pies for Mysore Centre, 5 pies, Kolar centre and 2 pies for Channapatna Centre: on 2,40,000 lbs.		7,500	0	0
~~6.~~ (a)	Cost of Marscilles Soap at 5% of the Raw material weight: 12,000 lbs. at Rs. 24/- per cwt.		3,500	0	0
(b)	Other stores. ..		2,000	0	0
~~7.~~	Fuel for Boiler for degumming Plant.about 3½ tons firewood per day: for 100 working days; 350 tons at Rs. 8 per ton.		2,800	0	0
~~8.~~	Fuel for Gas Plant. ..		4,000	0	0
~~9.~~	Electric Power charges 200 H.P.		8,000	0	0
~~10.~~	Remuneration to Directors, Travelling allowances, Audit Fees etc., Office expenses, postage, contingencies, printing, Advertisement.		10,000	0	0
~~11.~~	Depreciation on machinery at 7½% on Rs. 3,13,000/-		23,475	0	0
~~12.~~	Depreciation on Buildings at 2½% on Rs. 1,40,000/-		3,000	0	0
		C. O.	1,59,237	0	0

p.t.o.

161

6 V

Sl No.	Details.	Amount. Rs.	A.	P.
	Brought forward	1,59,237	0	0
13	Repairs to Buildings at 1%	1,400	0	0
14	Selling charges at 6¼% on Rs 2,12,000/-	13,250	0	0
	Total	1,73,887	0	0
	or	1,73,900	0	0

Total production: 48,000 lbs.
(Raw material: 2,40,000 lbs)

Of this 32,000 lbs would be fine yarn (bleached) saleable at Rs.5/- (minimum) 1,60,000 0 0

16,000 coarse yarn saleable (bleached) at Rs. 3-4-0 per lb. ... 52,000 0 0

Total 2,12,000 0 0

The present sale price of 210^s is Rs.5-14-0 per lb. and of 60/2 is Rs.3-7-0 per lb.

TOTAL RECEIPTS. ...	2,12,000	0	0
WORKING EXPENSES ...	1,73,900	0	0
Profit	38,100	0	0

Percentage of profit .. 7.6.

(N.B. When the services of Foreign Experts are dispensed with after establishing work, the profits would increase by about Rs.15,000/- per annum).

K Panduranga Rao
Dy. Secretary to Government
Development Department.

Government of his highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. D. 4490-2—Seri. 107-33-6, dated 17th January 1935.

Silk Waste Spinning Factory.

Passes orders *re* grant of concessions to the ——.

READ—

Correspondence ending with D. O. letter No. 4233—33-34, dated 19th October 1934, from the Director of Industries and Commerce, submitting a detailed note and estimates in consultation with the Mysore Silk Association for the establishment of a Silk Waste Spinning Factory with the help of the Government as detailed in the annexure to this order.

ORDER No. D. 4490-2—SERI. 107-33-6, DATED BANGALORE, THE 17TH JANUARY 1935.

Mysore produces nearly 7 lakhs of pounds of silk waste every year and its proper utilisation is of great importance to the sericultural industry. Until recently the silk waste produced in reeling raw silk had a ready export market and the price obtained for this bye-product helped to reduce the cost of raw-silk. On account of the present depression and other causes, hardly any silk waste is imported from India by Italy and Japan and the waste is accumulating in the country. Silk waste from Mysore was sent to Japan and Italy and spun into yarn and specifications have been obtained for a spinning plant to handle the silk waste available here, together with estimates of capital cost and operation expenses.

2. The question of the utilisation of silk waste in the manufacture of spun silk and starting of a factory therefor in Mysore has been considered in great detail by the Director of Industries and Commerce and the Mysore Silk Association both of whom recommend the starting of a factory in Mysore with an authorised share capital of 5 lakhs of rupees, divided into 50,000 shares of Rs. 10 each, the entire capital being thrown open to the public for subscription. They also suggest that Government might guarantee a return of 5 per cent on the capital subscribed by the public for a period of at least seven years and that in the event of the full capital not being subscribed by the public, Government might take up the necessary number of shares required to make up the deficiency subject to a maxmium of 50 per cent of the total number. They have also suggested the adoption of the following safeguards with a view to secure the interests of Government in the concern :—

(*a*) two out of seven Directors proposed for the company to be nominated by Government ;
(*b*) the election of the Chairman to be subject to the approval of the Government ;
(*c*) the appointment of the Secretary to be made with the approval of the Government ;
(*d*) Government to have the right to cause the accounts of the Company to be inspected and audited at any time by their officers at their own cost ;
(*e*) when any difference arises between the company and the Government in regard to allocation of any expenditure of any other matter connected with the ascertainment of profits, the matter to be referred to the District Judge, Bangalore, for arbitration and decision ; and
(*f*) the company to abide generally by the advice of the Government in respect of all items of expenditure during the period of guarantee.

3. This question was fully discussed at the first meeting of the Sericultural Board held on the 19th November 1934. The opinion was unanimous that a Waste Spinning Factory should be established in Mysore as part of the development of the industry.

No. D. 4490-2—SERI. 107-33-6, DATED 17TH JANUARY 1935.

4. Government have very carefully considered the proposals and are pleased to direct that the following concessions be granted to the Silk Waste Spinning Factory when the same is started in the State :—

(1) Government to guarantee five per cent interest on the capital for a period of seven years from the date that the factory comes into operation.

(2) Government to subscribe a small proportion of the capital, if necessary. During the period of guarantee, excess return over five per cent must be available to repay any portion of the interest paid by Government. The grant of the above concessions is subject, however, to the conditions suggested by the Association for giving opportunities of control to Government and to the observance, in addition, of the conditions attaching to State aided concerns.

5. The Director of Industries and Commerce is requested to take necessary further action in regard to the establishment of the Factory on a joint stock basis.

M. VENKATANARANAPPA,
Secretary to Government,
Development Department.

To—The Director of Industries and Commerce in Mysore.
The Comptroller to Government through the Financial Secretariat.
The Registrar, High Court of Mysore, Bangalore.

Exd.—C. K.

No. D. 4490-2—Seri. 107-33-6, dated 17th January 1935.

ANNEXURE.

Probable Estimate of Silk-waste Spinning Factory of 3,000 Spindles.

Sl. No.	Details	Amount		
	I. CAPITAL EXPENDITURE.	Rs.	a.	p.
1	Cost of machinery including accessories, gas generating plant, water tank and pump, Humidifying apparatus, Testing machinery on the basis of latest quotations (Exchange 100 yens: Rs. 85)	2,63,500	0	0
2	Add customs duty at 10 per cent	26,350	0	0
3	Transport of machinery from Kobe to Closepet	10,000	0	0
4	Cost of erection including electric fittings, gas connections, steam and water connections, etc.	20,000	0	0
5	(*a*) Main building, floor space, 38,000 sq. ft. 15′ high walls (Fly roof) with iron Trusses at Rs. 2-8-0 per sq. ft. (Zinc sheet) .... Rs. 95,000			
6	(*b*) Stores, Boiler room and other accessory buildings 10,000 sq. ft. (including value of lands) ... Rs. 25,000	1,20,000	0	0
7	Cost of office buildings (Board)	10,000	0	0
	Cost of quarters for Assistant Expert (Accountant, one Clerk and two Peons: Watchmen)	10,000	0	0
	Total ...	4,59,850	0	0
	or	4,60,000	0	0
	II. WORKING EXPENSES.			
1	Raw material, 2,40,000 lbs. at 3 annas per lb.	45,000	0	0
2	Pay of staff, etc.— Annually			
	(*a*) Chief Expert at Rs. 1,000 per mensem ... Rs. 12,000			
	(*b*) One Assistant Expert at Rs. 800 per mensem ... Rs. 9,600			
	Training three Officers for work at Rs. 300 per mensem ... ... Rs. 3,600	29,520	0	0
	(*c*) Twelve Operatives on wages on an average of Rs. 30 per mensem ranging from Rs. 25 to 40 ... Rs. 4,320			
	III. OFFICE ESTABLISHMENT.			
	Annually.			
	Secretary at Rs. 300 per mensem Rs. 3,600			
	Cashier ,, 50 ,, ,, 600			
	Accountant at ,, 60 ,, ,, 720			
	Three Clerks ,, 40 ,, ,, 1,440			
	Two Peons and 4 Watchmen Rs. 11 each (66×12) ,, 792	9,192	0	0
	Mechanic at Rs. 100 per mensem ,, 1,200			
	Boilerman ,, 30 ,, ,, 360			
	Two Gas and Waterplant man at Rs. 20 per mensem each (2×20×12) ,, 480			
	Wages: 40 men at 6 annas per day ,, 4,500	11,250	0	0
	Wages: 120 women at 3 annas per day ,, 6,750			
	Expenditure on purchase and transport of raw materials at 6 pies (of this 2 pies is brokerage and 4 pies is transport on an average, *i.e.*, 5 pies for Mysore Centre, 5 pies for Kolar Centre and 2 pies for Channapatna Centre on 2,40,000 lbs.	7,500	0	0
	Cost of Marscilles Soap at 5% of the raw material weight, 12,000 lbs. at Rs. 24 per cwt.	3,500	0	0
	Other stores	2,000	0	0
	Fuel for Boiler for degumming plant about 3½ tons firewood per day: for 100 working days: 350 tons at Rs. 8 per ton	2,800	0	0
	Fuel for Gas Plant	4,000	0	0
	Electric power charges 200 H.P.	8,000	0	0
	Remuneration to Directors, travelling allowances, audit fees, etc., office expenses, postage, contingencies, printing, advertisement ...	10,000	0	0
	Depreciation on machinery at 7½% on Rs. 3,13,000	23,475	0	0
	Depreciation on buildings at 2½% on Rs. 1,40,000	3,000	0	0
	Repairs to buildings at 1%	1,400	0	0
	Selling charges at 6¼% on Rs. 2,12,000	13,250	0	0
	Total ...	1,73,887	0	0
	or	1,73,900	0	0

No. D. 4490-2—SERI. 107-33-6, DATED 17TH JANUARY 1935:

Probable Estimate of Silk-waste Spinning Factory of 3,000 Spindles—*concld.*

Sl. No.	Details	Amount
		Rs. a. p.
	Total production 48,000 lbs. (Raw material 2,40,000 lbs.). Of this 32,000 lbs. would be fine yarn (bleached) saleable at Rs. 5 (minimum) ...	1,60,000 0 0
	16,000 coarse yarn saleable (bleached) at Rs. 3-4-0 per lb. ...	52,000 0 0
	Total ...	2,12,000 0 0
	The present sale price of 210^{s} is Rs. 5-14-0 per lb and of 60/2 is Rs. 3-7-0 per lb.	
	Total Receipts ...	2,12,000 0 0
	Working Expenses ...	1,73,900 0 0
	Profit ...	38,100 0 0
	Percentage of profit ...	7·6

NOTE—When the services of Foreign Experts are dispensed with after establishing work, the profits would increase by about Rs. 15,000 per annum.

WD 137—GPB—150—31-7-37

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Appendix F G—1]

SUBJECT .....

.....

.....

Section Secn

File No. 107-33

Serial No. 7

No. 04864/ [illegible]

To The Registrar of the High Court of Ceylon Bungalow

Sir,

I am directed to forward herewith, for the information of the High Court a copy of Govt proceedings No D 4490-92/Secn 107-33-6 dated the 17th January 1935

I have etc.

for Secy to Govt

Legal dept

Diary No. of letter replied to .....

General and Revenue Secretariat

( )

the 193 .

Date of issue 28/1/35

Signed by .....

TYPING SECTION 28 JAN 1935

Draft Ltr for approval

28/1/35

Issue

28/1/35

List of enclosures .....

Copied by .....

Examined by.....

WD 01956—GPB—22,500—12-6-34

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. D 4864 Dated, Bangalore, 29th January 1935.

From

The *Secretary to the Government of His Highness the Maharaja of Mysore, Development Department.*

To

The Registrar,
High Court of Mysore,
Bangalore.

Sir,

I am directed to forward herewith, for the information of the High Court a copy of Government Proceedings No.D.4490-92/Seri.107-33-6 dated the 17th January 1935.

I have the honour to be,

Sir,

Your most obedient servant,

Secretary to Government,
Development Department.

Tels.—" INDUSCOM "

Codes used—A.B.C., 5th Edn., Bentleys.

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GOVERNMENT OF MYSORE.

Department of Industries and Commerce.

D. O. No. D4. 233/33.34

Encl. Prospectus

40/0

OFFICE OF THE DIRECTOR,

Mr. A. V. Ramanathan, B.A.
Director.

Bangalore, dated 23rd Febry. 35

Urgent.
23.2.35.

Ser 107—33—6

My dear Venkatasubbaiya, DEVELOPMENT BRANCH.

With reference to Government order No. D. 4490-2 Seri. 107-33-6 dated the 17th Jany. 1935 sanctioning certain concessions for a Silk Waste Spinning Factory in the State and asking me to take necessary action - for establishing such a Factory on a joint-stock basis, I beg to submit herewith, in original, letter No. 338 dated the 14th Febry. 1935 from Rajasabhabushana K. R. Srinivasiengar, M.A., Honorary President of the Mysore Silk Association, together with its enclosures, viz., a Prospectus, Memorandum of Association and Articles of Association for starting a Joint-stock Company under the name of "The Mysore Silk Mills Ltd", for the above purpose.

I have informally submitted the letter and its enclosures to the First Member of Council and obtained his approval to the lines generally. I request that formal sanction of Government may kindly be communicated to me approving of the prospectus and the Memorandum and Articles of Association, subject to scrutiny again by the - Government Advocate, who would also be appointed Legal Adviser to the Company.

The points raised in Mr. Srinivasiengar's letter and my recommendation on each are submitted below for facilitating the final orders of Government.

Paragraph 3 of Mr. Srinivasiengar's letter - It is not desirable to have a higher capital authorised than the

With reference to Government order No. D. 4890-C
Sect. 107-33-6 dated the 17th Jany. 1933 sanctioning
certain concessions for a Silk Waste Spinning Factory
in the State and asking me to take necessary action -
for establishing such a Factory on a joint-stock basis,
I beg to submit herewith, in original, letter No. 830
dated the 14th Febry. 1933 from Rajasabhabhusana K. A.
Krishnaiengar, B.A., Honorary President of the Mysore
Silk Association, together with its enclosures, viz.,
a Prospectus, Memorandum of Association and Articles of
Association for starting a Joint-stock Company under the
name of "The Mysore Silk Mills Ltd", for the above pur-
pose.

I have informally submitted the letter and its en-
closures to the Hon'ble Member of Council and obtained his
approval to the lines generally. I request that Govern-
ment of Government may kindly be communicated to me
approving of the prospectus and the Memorandum and Arti-
cles of Association, subject to securing Legal by the
Government Advocate, who must also be appointed Le-
gal Adviser to the Company.

The points raised in Mr. Krishnaiengar's letter
and my remarks thereon are submitted below for
facilitating the final orders of Government.

Para 2 of K. Krishnaiengar's letter - It is not

the amount for which Government guarantee a dividend of 5 per cent. Such a measure would cause confusion in the minds of the investing public. It is always open to the company to secure additional capital either by issue of Debentures or increasing the Share Capital according to the Company Law or securing working capital otherwise. I would suggest therefore that the Authorised Share Capital may be restricted to Rs 5 Lakhs as already sanctioned by Government.

Paragraph 4 of Mr. Srinivasiengar's letter - The draft Articles permit of a maximum of 10 Directors and may be sanctioned. This will merely be provided in the Articles of Association but the number will not be raised to that figure at present. The Government Directors may continue to be only two as previously sanctioned by Government. The Government Directors may be the Director of Industries and Commerce and the Superintendent of Sericulture, both Ex-Officio. As regards private Directors, the selection may be left to the Director of Industries and Mr. K. R. Srinivasiengar, as only 4 out of the 7 names mentioned in Para 4 besides Mr. K. R. Srinivasiengar have to be selected.

Paragraph 5 of Mr. Srinivasiengar's letter - It is desirable that Mr. K. R. Srinivasiengar should be the first Chairman. I would suggest for the kind consideration of Government that a separate letter may be issued requesting him to be the Chairman besides approving of the proposal in the Government order approving of the Prospectus.

Paragraph 6 of Mr. Srinivasiengar's letter - The proposal of Mr. K. R. Srinivasiengar and of the provisional meetings held by him has been made after careful consideration and as the only course open at present to secure the successful floating and operation of the Company in the initial stages.

the amount for which Government guarantee a dividend of 5 per cent. Such a measure would cause consternation in the minds of the investing public. It is always open to the company to secure additional capital either by issue of Debentures or increasing its Share Capital according to the Company Law or securing working capital otherwise. I would suggest therefore that the Authorised Share Capital may be restricted to Rs 5 Lakhs as already sanctioned by Government.

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I have consulted the Superintendent of Sericulture and also carefully considered the proposal, both in the meeting and subsequently. I recommend that the proposal may be sanctioned in the following terms : -

"The services of Mr. K. Shamsuddin Khan, B.A., Assistant Superintendent of Sericulture, are made available to the Mysore Silk Mills Ltd. for a period of two years for employment as General Manager. During that period he will be paid Rs 500/- per mensem by the Company. He ~~would~~ will, however, be responsible for the general supervision of work in Chennapatna Silk Farm with the assistance of Mr. A. T. Janakiram, Senior Sericultural Inspector, who will be appointed Manager of the Farm and Circle during Mr. Shamsuddin Khan's employment under the Mysore Silk Mills Ltd. The Government will pay Rs 200/- a month to the Mysore Silk Mills Ltd., as their share of Mr. Shamsuddin Khan's pay. Mr. Shamsuddin Khan will be expected to spend not less than two days a week at Chennapatna for supervising the work of the Farm and Research Station and the training of Graduates ~~and others~~ & at Chennapatna. The travelling allowance of Mr. Shamsuddin Khan will be borne by the Company or the Government according to the purpose of the journeys performed by him".

It is necessary that Mr. Janakiram should be given an allowance of Rs 20/- per mensem for his duties as Manager. It is also necessary to give him the services of a Graduate Assistant who has undergone training in Sericulture. One Mr. B. S. Venkata Rao, B.Sc., a Graduate of the Mahratta community from the Central College

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It is necessary that Mr. Tamakiram should be given an allowance of Rs 20\- per mensem for his duties as - Manager. It is also necessary to give him the services of a Graduate assistant who has undergone training in Sericulture. One Mr. B. S. Venkata Rao, B.Sc., a - Graduate of the Lalbagh community from the Central Sericul-

College, has been under training in Sericulture in the Chennapatna Silk Farm for over eight months now, at his own cost, and has been helping Mr. Janakiram in research work till now. His training was approved by Government in ~~Government order~~ your letter No. D.5491 /Seri.93-33-2 dated 11th May 1934. I recommend that Mr. B. S. Venkata Rao, B.Sc may be appointed Technical Assistant to the Manager on a fixed pay of Rs 55/- per mensem. Mr. Shamsuddin Khan's salary at present is Rs 330/- and it will be Rs 350/- from 1st June 1935. After paying Rs 200/- to the Mysore Silk Mills Ltd., there will be a balance of Rs 130/- now and - Rs 150/- from 1st June 1935. The extra cost involved in my proposal is more than met from the savings thus effect -ed.

Paragraph 7 of Mr. Srinivasiengar's letter - The under-writing commission of 1½ per cent inclusive of brokerage is quite a modest figure. Therefore, the proposal to allow one half of the shares to be under-written by - - Messrs. Aiyar & Co., may be approved as such an arrange-ment will facilitate the early subscription of the other shares also. It will be noticed that in the draft pros-pectus the amount that Government would subscribe in case of necessity is definitely stated as Rs 50,000/- or 5,000 shares of Rs 10/- each. In the Government order dated - the 17th Jany. 1935, the wording is "a small portion of the Capital". As it is necessary to give a definite - figure in the prospectus, I recommend that the limit of Rs 50,000/- proposed in the prospectus may be approved.

One point which is left rather vague in the Govern-ment order and is therefore not included in the Prospectus relates ~~to the [illegible] may be appended in and~~ "to the observance in addition all the conditions attaching to State Aided Concerns." This omission is necessary as its inclusion would cause vague-ness in the prospectus. A close study of the previous

College, has been under training in sericulture in the Chunnepatna Silk Farm for over eight months now, at his own cost, and has been helping Mr. Jamakiran in research work till now. His training was approved by Government in Government order No. D. . \ \Sert\ . dated . I recommend that Lr. B. S. Vomkata Rao, B.Sc may be appointed Technical Assistant to the Manager on a fixed pay of Rs 55\- per mensem. Mr. Shamsuddin Khan's salary at present is Rs 330\- and it will be Rs 350\- from 1st June 1935. After paying Rs 300\- to the Mysore Silk Mills Ltd., there will be a balance of Rs 150\- now and - Rs 150\- from 1st June 1935. The extra cost involved in my proposal is more than met from the savings thus effect-ed.

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One point which is left rather vague in the Govern-ment order and is therefore not included in the Prospectus ~~may be expressed as~~ and to the observance in addition of the conditions attaching to State Aided Concerns. This omission is necessary as its inclusion would cause vague-ness in the prospectus. A close study of the previous

previous Government orders in my office shows that there are no conditions prescribed in respect of the State aid -ed concerns which extend beyond the scope of the conditions securing control in this individual case and specifically prescribed in the prospectus. It will be seen - from Paragraph 8 of Government order No. 4038-54/A & I 136 -14-8 dated the 12th Febry. 1916 that the only conditions prescribed are the maintenance of regular accounts and the publication of a correct Balance sheet at the end of each half year. Again in Government order No. Fl. 4909-21/GF 196-18-1 dated the 3rd April 1919, the condition prescribed in respect of "list "A" concerns -"Concerns in which - Government have invested money in purchasing shares or in aid of which Government have granted large loans"- ~~mainly~~, is the submission of a Tabular statement showing the main features of the financial results of the working of each enterprise. The statement should be accompanied by audit -ed and certified balance sheets. As the Mysore Silk - Mills Ltd., will be a registered Company with two Government Directors, the maintenance of accounts, the publication of Balance sheets and their periodical submission to Government are inherent in the prescribed conditions. It is therefore unnecessary to include in the prospectus or to insist on the additional vague condition prescribed in that Government order.

I request that an order of Government approving of my recommendations may kindly be issued urgently to facilitate further action.

Yours sincerely

M. Venkatanaranappa, Esq., B.A.,
Secretary to the Government of Mysore,
Development Department, Bangalore.

AVR:USC)

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I request that an order of Government approving of my recommendations may kindly be issued urgently to facilitate further action.

K. Venkataramappa, Esq., B.A.,
Secretary to the Government of Mysore,
Development Department, Bangalore.

AVR:VEC)

Mysore Silk Association

RAJASABHABHUSHANA
MR. K. R. SRINIVASIENGAR, M.A.
HONORARY PRESIDENT

ALBERT VICTOR ROAD
CHAMARAJAPET
BANGALORE CITY

No: 338/Encls 5

Date 14 th Feb. 1935.

Dear Mr. Ramanathan,

In continuation of my letter to you of the 5th instant, I herewith send for your perusal and also for obtaining the approval of Government thereto, a copy of (1) the draft prospectus of the proposed Mysore Silk Mills, (2) the draft Memorandum of Association of the Company and (3) the draft Articles of Association of the Company.

2. It will be observed that though the Company is now started with the object of establishing a Silk Waste Spinning Factory, the Memorandum provides for its expansion for all purposes connected with silk industry in the State; and to serve this object it is proposed to designate the Factory by the name of "The Mysore Silk Mills, Limited".

3. Though at present it is proposed to incur expenditure of only Rs.5 lakhs over the Factory, I think it desirable to provide in the Memorandum for an authorised share capital of Rs.10 lakhs so as to obviate the necessity for obtaining the sanction of the General Body for any increase in the capital that may be necessary from time to time. The present issue will, however, be restricted to Rs.5 lakhs and the guarantee of Government to pay 5% dividend will also be restricted only to this amount. If you agree in this view the prospectus and the Memorandum may be revised as indicated by me in pencil in the additional copy thereof (marked A and B).

Mysore Silk Association

RAJASABHABHUSHANA
MR. K. R. SRINIVASIENGAR, M.A.
HONORARY PRESIDENT

ALBERT VICTOR ROAD
CHAMARAJAPET
BANGALORE CITY

Date.....*193*

4. As regards the provisional directorate of the Company, I understand that the undermentioned gentlemen have expressed their willingness to be on the directorate and take up the minimum qualifying shares for the purpose:-

appd ✓ 1. Mr. Deorao Shivram,
✓ 2. Mr. N.G. Naik,
✓ 3. Mr. M.S. Basavanna Devaru, Mamballi.
4. Mr. B. Munivenkatappa,
5. Mr. P. Subbarama Chetty,
6. Mr. G. Subba Rao, Closepet.
appd ✓ 7. Mr. F.M. Abdul Quddus, Channapatna.

I would suggest that the total number of directors may be fixed at a maximum of 10 and for the present the names of only 7 directors including 2 Government directors be notified in the prospectus and articles of association, these names being selected by Government from among those mentioned above. The remaining places may, for the present, be left vacant and allowed to be filled up by the provisional directors by co-option as necessity arises therefor.

5. With regard to the desire expressed by you and some others that I should be on the directorate of the Company and take up the Chairmanship, I am finding myself, with advancing years, unable to stand much of strain and responsibility. Unless the Government

particularly

Mysore Silk Association

RAJASABHABHUSHANA
MR. K. R. SRINIVASIENGAR, M.A.
HONORARY PRESIDENT

ALBERT VICTOR ROAD
CHAMARAJAPET
BANGALORE CITY

Date 193

particularly desire that I should take up the Chairmanship I shall be glad to be excused from taking up the responsibility.

6. If the Company is to work satisfactorily and efficiently, it is very necessary that in the initial stages, the management should be entrusted to an experienced and capable person in whom full responsibility can be vested, the Board of Directors and the Chairman exercising only a kind of general supervision and control. I therefore propose that instead of a Secretary as originally contemplated, a Manager be appointed for the Company and that the services of Mr. K. Shamsuddin Khan, B.A., Assistant Superintendent of Sericulture, may be kindly made available by Government for the Company for a period of 2 years. I understand that he is now getting or is about to get a salary of Rs.350/- per month. I am also given to understand that though the Department may be willing to allow him to work as manager of the Company, it is not in favour of his being completely relieved of his official duties as he will then lose touch with the work of the Department and this will not be in his interests or in the interests of the Department. In the circumstances, I propose that his salary for the period of his employment under the Company may be fixed at Rs.500/- per mensem of which Rs.300/- will be contributed by the Company and the balance by Government on the understanding that the Department may utilise his services for such work as it may consider suitable without

prejudice

Mysore Silk Association

RAJASABHABHUSHANA
MR. K. R. SRINIVASIENGAR, M.A.
HONORARY PRESIDENT

ALBERT VICTOR ROAD
CHAMARAJAPET
BANGALORE CITY

Date.....*193* .

prejudice to the efficient discharge of his duties as Manager of the Company.

7. Of the 50,000 shares of the value of Rs.10/- which are proposed to be issued, Messrs. Aiyar & Co., Stock and Share Brokers, Bangalore, have agreed to underwrite half the number ~~xfxx~~ for a commission of 1½% on the face value of the shares. This arrangement will greatly relieve the Board of the necessity for intensive canvassing for the disposal of shares and I therefore suggest that this offer may be accepted and the arrangement approved. If this arrangement is approved, the consent of Messrs. Aiyar and Co will be obtained thereto, in writing, before the publication of the prospectus. The remaining 25,000 shares will be thrown open to the public out of which the Government is to take up shares to the extent of 5,000 if they are not subscribed by the public.

8. The names of the Auditors, Bankers, and Legal Adviser of the Company are entered in the draft prospectus subject to their consent being obtained before the prospectus is formally issued if the Government approve of the suggestion.

Yours sincerely,

The prospectus & the memorandum & articles of Association have to be carefully examined & scrutinised by the legal adviser of the company before they are finally adopted & published

A.V. Ramanathan, Esq., B.A.,
Director of Industries and Commerce in Mysore,
BANGALORE.

A copy of this prospectus has been filed with the Registrar of Joint Stock Companies in Mysore.

The subscription List will be opened ~~on 1st March 1943~~ and will be closed on ~~31st March 1943~~.

THE MYSORE SILK ~~MANUFACTURING~~ Waste Spinning CO. LIMITED.
BANGALORE.

(Incorporated under the Mysore Companies' Regulation VIII of 1917)

AUTHORISED CAPITAL .. Rs.5,00,000

Divided into 50,000 ordinary Shares of Rs.10/- each.

To be paid as follows:-

Rs.2 per share on application,
Rs.4 per share on allotment,
and the balance in calls of Rs.2 each per share at intervals of not less than two months between each call.

The Government of Mysore have agreed to take up 5,000 shares, if necessary, and 25,000 shares have been underwritten by Messrs. Iyer & Co., Bangalore, for a commission at the rate of ~~1½~~ 2% on the face value of the shares.

Provisional DIRECTORS.

1. Rao Sahib [illegible] Chairman.
2. [illegible] Non-official
3. Mr. Dorab [illegible]
4. " [illegible] Directors.
5. " [illegible] Hamblin
   Hon. Mr. [illegible] Chamberlain
6. The Director of Sericulture, Government Director
7. " Commissioner [illegible].

MANAGER

Mr. K. Shamsuddin Khan, B.A., Assistant Superintendent of Sericulture.

AUDITORS

Messrs. Fraser and Ross, Chartered Accountants, Madras.

BANKERS.

The Bank of Mysore, Ltd., Bangalore.

LEGAL ADVISER.

Mr. A. T. Nageswara Iyer B.A., B.L. Government Advocate, Bangalore.

REGISTERED OFFICE.

No. 1-2, Albert Victor Road, Chamarajpet, Bangalore City.

A COPY OF THIS PROSPECTUS HAS BEEN FILED WITH THE REGISTRAR OF JOINT STOCK COMPANIES IN MYSORE.

THE SUBSCRIPTION LIST WILL BE OPENED AND WILL BE CLOSED ON

THE MYSORE SILK WASTE SPINNING FACTORY BANGALORE.

(Incorporated under the Mysore Companies' Regulation VIII of 1917).

AUTHORISED CAPITAL. ... Rs. 5,00,000

Divided into 50,000 Ordinary shares of Rs.10/- each.

TO BE PAID AS FOLLOWS:-

Rs. 2/- per share on application.

" 4/- per share on allotment,

and the balance in calls of Rs.2/- each per share at intervals of not less than two months between each call.

The Government of Mysore have agreed to take up 5,000/- shares, if necessary, and 25,000 shares have been underwritten by Messrs. Aiyar & Co., Bangalore, for a commission at the rate of 1½% on the face value of the shares.

PROVISIONAL DIRECTORS.

1. Rajasabhabhushana M.R.Srinivasa Iyengar, M.A., Hony. President of the Mysore Silk Association, Chairman.
2. Mr. Devrao Shivaram.
3. " N.G. Naik.

4. Mr. M.S. Basavanna Devaru, Mamballi.

5. " F.M. Abdul Quddus, Chennapatna.

6. The Director of Industries and Commerce. } Govern-
7. The Comptroller to Government } ment Direc-
tors.

M A N A G E R.

Mr. K. Shamsuddin Khan, B.A., Assistant Superintendent of Sericulture.

A U D I T O R S.

Messrs. FRASER AND ROSS, Chartered Accountants and Auditors.

B A N K E R S.

THE BANK OF MYSORE , LTD., Bangalore.

LEGAL ADVISER.

Mr. A.R. Nageswara Aiyar, B.A., B.L., Government Advocate, Bangalore.

REGISTERED OFFICE.

No. 1-2, Albert Victor Road, Chamarajapet Bangalore City.

M.M.R.2/29.3.35.

THE MYSORE SILK [illegible], LIMITED.

BANGALORE.

PROSPECTUS.

1. The Mysore Silk Mills, Limited, has been registered for the purposes mentioned in the Memorandum of Association (~~and particularly in the first instance~~ to take up the business of manufacturing and dealing in silk-waste and spun-silk and carry on all other operations connected with and subsidiary to the said manufacture and disposal.)

2. INDIA has a large home market for spun-silk. She imports a large quantity of spun-silk from Europe and Japan. The annual imports of silk-yarns, spun-silk, etc., into India have been steadily increasing for some years past. Though a large quantity of silk-waste from which spun-silk is made is produced in India, there are, at present, no factories in the country specially devoted to the manufacture of spun-silk. The Mysore State alone, at present, produces annually about 5 lakhs of pounds of silk-waste, which is about half the quantity of waste produced in India. Besides the availability of the required quantity of waste in situ, the other conditions are also particularly favourable for the establishment of a Silk-Waste Factory in the State. The Company accordingly intends to erect forthwith a Silk-Waste Spinning Factory in the State which will be located in the heart of the silk area. The Factory will be capable of dealing with a minimum of 2½ lakhs of pounds and a maximum of 5 lakhs of pounds of silk-waste per year. Figures based on actual tests carried out on Mysore silk-waste in Japan and Europe show that even with a capacity of 2½ lakhs of pounds a profit of 7½% can be expected, and that with an increase in the output the profits will be much higher.

3. The Company will be under the management of a Board of Directors consisting of not more than 10 members of whom 2 will be nominated by the Government of Mysore during the period of guarantee.

4. The qualifications of a Director, other than a Director

appointed by the Government of Mysore, shall be the holding of 200 ordinary shares in the Company of the nominal value of Rs.2,000/-.

6. The minimum subscription on which the Directors may proceed to allotment is 75% of the authorised capital.

8. None of the Directors has any interests in the promotion of this Company.

7. The preliminary expenses payable by the Company (including brokerage, commission or underwriting charges payable to brokers, commission-agents or underwriters, for securing subscriptions for shares of the Company) are estimated not to exceed Rs.15,000/-.

8. A brokerage not exceeding ¼% will be paid to banks or recognised brokers on all applications for shares submitted by them.

9. In order to encourage the factory, the Government of Mysore have been pleased to guarantee dividend at 5% to shareholders on the present issue of 5 lakhs of rupees for a period of 7 years from the date that the factory starts work, which is expected to be done by about January 1938, and also to take up shares up to the extent of Rs.50,000, if necessary, these concessions being subject to the following conditions during the period of guarantee:-

(i) That two of the ~~xxxxxxxxxx~~ Directors will be nominated by Government;

(ii) That the election of the Chairman of the Company ~~is~~ as also the appointment of the Manager will be subject to the approval of Government;

(iii) That Government will have the right to cause the accounts of the Company inspected and audited at any time ~~[illegible]~~ at their own cost;

(iv) That the Company will abide generally by the advice of the Government in respect of all items of expenditure during the period of guarantee; and

(v) That when any difference arises between the Company and the Government ~~xxx~~ in regard to allocation of any expenditure or any other matter connected with the ascertainment of profits, the matter is to be referred to the District Judge, Bangalore, for arbitration and decision.

10. A copy of the Company's Memorandum of Association is attached to this prospectus and forms part of it.

11. Application for shares should be made in the form accompanying this prospectus and should be forwarded with the deposit direct to the Company's Registered Office at Bangalore, or to the Bank of Mysore, Ltd., Bangalore, and its Branches, the State Huzur Treasury, District and Taluk Treasuries in the Mysore State, the Imperial Bank of India, Ltd., and its Branches, and the Eastern Bank, Ltd., and its Branches.

12. Subscription list will be closed on the ~~30th April 1935~~ or earlier in case the total capital is subscribed before that date.

13. Where no allotment is made, the deposit will be returned in full. and where the number of shares allotted is less than the number of shares applied for, the balance of the deposit will be applied towards the payment of the amount of the allotment money.

14. Copies of prospectus and forms of application can be had at the following places:-

(a) The Registered Office of the Company at Bangalore.
(b) The Bank of Mysore, Ltd., Bangalore, and its Branches.
(c) All Government Treasuries in the Mysore State.
(d) The Imperial Bank of India, Ltd., and its Branches.
(e) The Eastern Bank, Ltd., and its Branches.

RJ

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THE MYSORE SILK WASTE SPINNING FACTORY, LIMITED.

B A N G A L O R E.

PROSPECTUS.

1. The Mysore Silk Waste Spinning Factory, Limited, has been registered for the purposes mentioned in the Memorandum of Association.

2. INDIA has a large home market for spun-silk. She imports a large quantity of spun-silk from Europe and Japan. The annual imports of silk-yarns, spun-silk, etc., into India have been steadily increasing for some years past. Though a large quantity of silk-waste from which spun-silk is made is produced in India, there are, at present, no factories in the country specially devoted to the manufacture of spun-silk. The Mysore State alone, at present, produces annually about 5 lakhs of pounds of silk-waste, which is about half the quantity of waste produced in India. Besides the availability of the required quantity of waste in *situ*, the other conditions are also particularly favourable for the establishment of a Silk-waste Factory in the State. The Company accordingly intends to erect forthwith a Silk-waste Spinning Factory in the State which will be located in the heart of the silk area. The Factory will be capable of dealing with a minimum of 2½ lakhs of pounds and a maximum of 5 lakhs of pounds of silk-waste per year. Figures based on

on actual tests carried out on Mysore Silk-waste in Japan and Europe show that even with a capacity of 2½/- lakhs of pounds a profit of 7½% can be expected, and that with an increase in the output the profits will be much higher.

3. The Company will be under the management of a Board of Directors consisting of not more than 10 members of whom 2 will be nominated by the Government of Mysore during the period of guarantee.

4. The qualifications of a Director, other than a Director appointed by the Government of Mysore, shall be the holding of 200 ordinary shares in the Company of the nominal value of Rs.2,000/-.

5. The minimum subscription on which the Directors may proceed to allotment is 75% of the authorised capital.

6. None of the Directors has any interests in the promotion of this Company.

7. The preliminary expenses payable by the Company (including brokerage, commission or underwriting charges payable to brokers, commission-agents or underwriters, for securing subscriptions for shares of the Company) are estimated not to exceed Rs.15,000/-.

8. A brokerage not exceeding ¼% will be paid to Banks or recognised Brokers on all applications for shares submitted by them.

9. In order to encourage the Factory, the Government of Mysore have been pleased to guarantee

guarantee dividend at 5% to shareholders on the present issue of 5 lakhs of rupees for a period of 7 years from the date that the Factory starts work, which is expected to be done by about - - January 1936, and also to take up shares up to the extent of Rs.50,000/- if necessary, these concessions being subject to the following conditions during the period of guarantee.-

(i) That two of the Directors will be nominated by Government;

(ii) That the election of the Chairman of the Company as also the appointment of the Manager will be subject to the approval of Government;

(iii) That Government will have the right to cause the accounts of the Company inspected and audited at any time at their own cost and also to have the Factory and Machinery examined.

(iv) That the Company will abide generally by the advice of the Government in respect of all items of expenditure during the period of guarantee; and will furnish to Government the information, accounts and reports etc., which may be called for by them from time to time.

(v) That when any difference arises between the Company and the Government in regard to allocation of any expenditure or any other matter connected with the ascertainment of profits, the matter is to be referred to the District Judge, Bangalore, for arbitration and decision.

10. A copy of the Company's Memorandum of Association is attached to this prospectus and forms part of it.

11. Application for shares should be made in the form accompanying this prospectus and should be

be forwarded with the deposit direct to the - - Company's Registered Office at Bangalore, or to the Bank of Mysore, Ltd., Bangalore, and its - Branches, the State Huzur Treasury, District and Taluk Treasuries in the Mysore State, the Imperial Bank of India, Ltd., and its Branches, and the Eastern Bank, Ltd., and its Branches.

12. Subscription list will be closed on the or earlier in case the total capital is subscribed before that date.

13. Where no allotment is made, the deposit will be returned in full, and where the number of shares allotted is less than the number of shares applied for, the balance of the deposit will be applied towards the payment of the amount of the allotment money.

14. Copies of prospectus and forms of application can be had at the following places:-

(a) The Registered Office of the Company at Bangalore.

(b) The Bank of Mysore, Ltd., Bangalore and its Branches.

(c) All Government Treasuries in the Mysore State.

(d) The Imperial Bank of India, Ltd., and its Branches.

(e) The Eastern Bank, Ltd., and its Branches.

B 74

Memorandum of Association of

THE MYSORE SILK MILLS, LIMITED,

BANGALORE

I. The name of the Company is "The Mysore Silk Mills, Limited"

II. The Registered Office of the Company will be situated in Bangalore.

III. The objects for which the Company is established are the following:-

(1) To purchase, manufacture, produce, spin, reel, weave, prepare, import silk-waste and manufacture therefrom spun yarn and to import, export, sell and generally deal in cocoons, silk, silk-waste and all bye-products thereof and textile products generally and in connection therewith to acquire, construct and operate gardens, grainages, filatures, spinning and weaving plants or other machinery connected with textiles, buildings, mills, factories and other works. To plant, cultivate, produce and raise or purchase mulberry and other crops and to transact such other works or business as may be proper or necessary in connection with the above objects or any of them.

(2) To develop the resources of and turn to account any lands and any rights over or connected with the lands belonging to the Company or in which the Company is interested.

(3) To carry on any other business, whether manufacturing otherwise which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or to render profitable any of the Company's property or rights.

To search for and to purchase or otherwise acquire ...nment, or any other authority, public or private, ...ss, concessions, grants, decrees, rights, power and ...whatsoever which may seem to the Company capable of ... to account, and in particular any water rights ...s either for the purpose of obtaining motive power ...nd to work, develop carry out, exercise and turn ...sare.

...re and deal with the following:-

...siness, property and the liabilities of any ...person, carrying on any business within ...is Company.

...ldings, easements and other interests

devise.

...ery, personal estate and effects.

(v) Company ... rights of inventions, process... mote or a...mulas and other rights.

(6) To pe...r securities in or of any ...tions, acts, or ... acquisition of which ... of this Company.

(i) To pa...

...ny of the foll...

promotion and establishment of the Company.

(ii) To sell, let, dispose of or grant rights ov any property of the Company.

(iii) To erect buildings, plant and machinery for pose of the Company.

(iv) To make experiments in connection with any bu of the Company and to protect any inventions of the Com letters patent or otherwise.

(v) To manufacture plant, machinery, tools, goods things for any of the purposes of the business of the Co

(vi) To draw, accept, and negotiate Bills of Exchan promissory notes and other negotiable instruments.

(vii) To underwrite the shares, stocks or securiti any other Company and to pay underwriting commissions brokerage on any shares, stocks or securities issued Company.

(viii) To borrow money, or to receive money on depos either without security or secured by debentures, debe stocks (perpetual or terminable), mortgage or other se charged on the undertaking of all or any of the assets the Company including uncalled capital.

(ix) To lend money and to invest money of the Com such manner (other than in the shares of this Company, directors think fit.

(x) To enter into arrangements for joint working bus or for sharing profits or for amalgamation with any other company, firm or person carrying on business within the objec of this Company.

(xi) To sell the undertakingxx and all or any of the pr perty of the Company for cash or for stock, shares or securi of any other company for cash or for other considerations.

(xii) To promote companies.

(xiii) To provide for the welfare of persons employed or previously employed and the wives, widows and families of such persons by grants or money or other aid or otherwise as the Company shall think fit.

(xiv) To subscribe to or otherwise aid benevolent, charita ble, national or other institutions or objects or a public character which have any moral or other claims to support or aid by the Company by reason of the locality of its operations or otherwise and to make donations to such persons and in such cases as may seem expedient.

(xv) To distribute any specific assets of the Company amongst its members.

~~(xvi)~~

(7) To do all or any of the things hereinbefore authorised either alone or in conjunction with or as factors, trustees or agen for others or through factors, trustees or agents.

(3) To do such other things as are incidental and conducive to the attainment of the above objects or any of them.

~~IV~~

IV. The liability of the members is limited.

V. The share capital of the Company is Rs. 5,00,000 divided into 50,000 ordinary shares of Rs.10/- each with power for the Company to

increase or reduce the said capital and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions, and so that unless the conditions of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.

We, the several persons whose names and addresses are subscribed are desirous of & being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names,

Serial No.	Names and Addresses and Description of subscribers	No. of shares taken by each subscriber	Witness to the signature.

RS

MEMORANDUM OF ASSOCIATION

OF

THE MYSORE SILK WASTE SPINNING FACTORY, LTD.,

BANGALORE.

I. The name of the Company is "THE MYSORE SILK WASTE SPINNING FACTORY, LIMITED."

II. The Registered Office of the Company will be situated in Bangalore.

III. The objects for which the Company is established are the following :-

Requires revision as objects beyond the scope of the Silk waste spinning factory have been inserted ad

(1) To purchase, manufacture, produce, spin, reel, weave, prepare, import silk-waste and manufacture therefrom spun yarn and to import, export, sell and generally deal in cocoons, silk, silk-waste and all bye-products thereof and textile products generally and in connection therewith to acquire, construct and operate gardens, grainages, filatures, spinning and weaving plants or other machinery connected with textiles, buildings, mills, factories and other works, To plant, cultivate, produce and raise or purchase mulberry and other crops and to transact such other works or business as may be proper or necessary in connection with the above objects or any of them.

(2) To develop the resources of and turn to account any lands and any rights over or connected with the lands belonging to the Company or in which the Company is interested.

(3) To carry on any other business, whether manufacturing or otherwise which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or to render profitable any of the Company's property or rights.

(4) To search for and to purchase or otherwise acquire from Government, or any other authority, public or private, any licenses, concessions, grants, decrees, rights, power and privileges whatsoever which may seem to the Company capable of being turned to account, and in particular any water rights or concessions either for the purpose of obtaining motive power or otherwise, and to work, develop carry out, exercise and turn to account the same.

(5) To acquire and deal with the following :-

(i) The business, property and the liabilities of any Company, firm or person, carrying on any business within the objects of this Company.

(ii) Lands, buildings, easements and other interests in real estates.

(iii) Plant, machinery, personal estate and effects.

(iv) Patents, patent rights of inventions, process, devises, trade marks, formulas and other rights.

(v) Shares or stocks or securities in or of any Company or undertakings the acquisition of which may promote or advance the interests of this Company.

(6) To perform or do all or any of the following operations, acts, or things :-

(i) To pay the costs, charges and expenses of the promotion and establishment of the Company.

(ii) To sell, let, dispose of or grant rights over all or any property of the Company.

(iii) To erect Buildings, plant and machinery for the purpose of the Company.

(iv) To make experiments in connection with any business of the Company and to protect any inventions of the Company by letters patent or otherwise.

(v) To manufacture plant, machinery, tools, goods and things for any of the purposes of the business of the Company.

(vi) To draw, accept, and negotiate Bills of Exchange, promissory notes and other negotiable instruments.

(vii) To underwrite the shares, stocks or securities of any other Company and to pay underwriting commissions and brokerage on any shares, stocks or securities issued by this Company.

(viii) To borrow money, or to receive money on deposits either without security or secured by debentures, debenture stocks (perpetual or terminable), mortgage or other security charged on the undertaking of all or any of the assets of the Company including uncalled capital.

(ix) To lend money and to invest money of the Company in such manner (other than in the shares of this Company) as the Directors think fit.

(x) To enter into arrangements for joint working business or for sharing profits or for amalgamation with

~~business or for sharing profits of for amalgamation with~~ any other company, firm or person carrying on business within the objects of this Company.

(xi) To sell the undertaking and all or any of the property of the Company for cash or for stock, shares or securities of any other company for cash or for other considerations.

(xii) To promote companies.

(xiii) To provide for the welfare of persons employed or previously employed and the wives, widows and families of such persons by grants or money or other aid or otherwise as the Company shall think fit.

~~(xx)~~

(xiv) To subscribe to or otherwise aid benevolent, charitable, national or other institutions or objects or a public character which have any moral or other claims to support or aid by the Company by reason of the locality of its operations or otherwise and to make donations to such persons and in such cases as may seem expedient.

(xv) To distribute any specific assets of the Company amongst its members.

(7) To do all or any of the things hereinbefore authorised either alone or in conjuction with or as factors, trustees or agents for others or through factors, trustees or agents. ~~for others or through factors, trustees or agents.~~

(8) To do such other things as are incidental and conducive to the attainment of the above objects or any of them.

IV. The liability of the Members is limited.

V. The share capital of the Company is Rs.50,00,000 divided into 5,00,000 ordinary shares of Rs.10/- each with power for the Company to increase or reduce the said capital and to issue any part of its capital, orginal or increased, with or without any preference, priority or special privilege or subject to any postponment of rights or to any conditions or restrictions, and so that unless the conditions of issue shall otherwise expressly declare every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.

We, the several persons whose names and addresses ar subscribed are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names,

P.T.O.

Sl. No.	Names and Addresses and Description of subscribers.	No of shares taken by each subscriber.	Witness to the signature.

N.M.R.2/2?.3.35.

Memorandum of Association of

THE MYSORE SILK MILLS, LIMITED,

BANGALORE

Silk work

I. The name of the Company is "The Mysore Silk-Mills, Limited".

II. The Registered Office of the Company will be situated in Bangalore.

III. The objects for which the Company is established are the following:-

(1) To purchase, manufacture, produce, spin, reel, weave, prepare, import silk-waste and manufacture ~~xxproduxx~~ therefrom spun yarn and to import, export, sell and generally deal in cocoons, silk, silk-waste and all bye-products thereof and textile products generally and in connection therewith to acquire, construct and operate gardens, grainages, filatures, spinning and weaving plants or other machinery connected with textiles, buildings, mills, factories and other works. To plant, cultivate, produce and raise or purchase mulberry and other crops and to transact such other works or business as may be proper or necessary in connection with the above objects or any of them.

(2) To develop the resources of and turn to account any lands and any rights over or connected with the lands belonging to the Company or in which the Company is interested.

(3) To carry on any other business, whether manufacturing or otherwise which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or to render profitable any of the Company's property or rights.

(4) To search for and to purchase or otherwise acquire from Government, or any other authority, public or private, any licenses, concessions, grants, decrees, rights, power and privileges whatsoever which may seem to the Company capable of being turned to account, and in particular any water rights or concessions either for the purpose of obtaining motive power or otherwise, and to work, develop carry out, exercise and turn to account the same.

(5) To acquire and deal with the following:-

(i) The business, property and the liabilities of any Company, firm or person, carrying on any business within the objects of this Company.

(ii) Lands, buildings, easements and other interests in real estate.

(iii) Plant, machinery, personal estate and effects.

(iv) Patents, patent rights of inventions, process, devises, trade marks, formulas and other rights.

(v) Shares or stocks or securities in or of any Company or undertakings the acquisition of which may promote or advance the interests of this Company.

(6) To perform or do all or any of the following operations, acts, or things:-

(i) To pay the costs, charges and expenses of the promotion

promotion and establishment of the Company.

(ii) To sell, let, dispose of or grant rights over all or any property of the Company.

(iii) To erect buildings, plant and machinery for the purpose of the Company.

(iv) To make experiments in connection with any business of the Company and to protect any inventions of the Company by letters patent or otherwise.

(v) To manufacture plant, machinery, tools, goods and things for any of the purposes of the business of the Company.

(vi) To draw, accept, and negotiate Bills of Exchange, promissory notes and ~~x~~ other negotiable instruments.

(vii) To underwrite the shares, stocks or securities of any other Company and to pay underwriting commissions and brokerage on any shares, stocks or securities issued by this Company.

(viii) To borrow money, or to receive money on deposits either without security or secured by debentures, debenture stocks (perpetual or terminable), mortgage or other security charged on the undertaking of all or any of the assets of the Company including uncalled capital.

(ix) To lend money and to invest money of the Company in such manner (other than in the shares of this Company) as the Directors think fit.

(x) To enter into arrangements for joint working business or for sharing profits or for amalgamation with any other company, firm or person carrying on business within the objects of this Company.

(xi) To sell the undertaking~~x~~ and all or any of the property of the Company for cash or for stock, shares or securities of any other company for cash or for other considerations.

(xii) To promote companies.

(xiii) To provide for the welfare of persons employed or previously employed and the wives, widows and families of such persons by grants or money or other aid or otherwise as the Company shall think fit.

(xiv) To subscribe to or otherwise aid benevolent, charitable, national or other institutions or objects or a public character which have any moral or other claims to support or aid by the Company by reason of the locality of its operations or otherwise and to make donations to such persons and in such cases as may seem expedient.

(xv) To distribute any specific assets of the Company amongst its members.

~~(xxxx)~~

(7) To do all or any of the things hereinbefore authorised either alone or in conjunction with or as factors, trustees or agents for others or through factors, trustees or agents.

(8) To do such other things as are incidental and conducive to the attainment of the above objects or any of them.

~~X~~ ~~XV~~x

IV. The liability of the members is limited.

V. The share capital of the Company is Rs.5,00,000 divided into 50,000 ordinary shares of Rs.10/- each with power for the Company to increase

increase or reduce the said capital and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions, and so that unless the conditions of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.

We, the several persons whose names and addresses are subscribed are desirous of d being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names,

Serial No.	Names and Addresses and Description of subscribers	No. of shares taken by each subscriber	Witness to the signature.

RS

Copy of letter dated 1st April 1935, from Mr. S.G. Sastry, c/o Mr. B. Shankar, Trade Representative in the Far East, Kaijo Building 1467, Marunouchi, Tokyo, to the Director of Industries and Commerce, Bangalore.

With reference to my letter dated March 27th, 1935, subject: Waste Silk Spinning Plant, I have the honour to inform you that I have received a revised quotation from Messrs.K.K. Osaka Kikai Kosakusho, Osaka, dated March 29th, 1935. The present estimate totals up to ¥ 408.925.00 as against ¥ 311,392.00 mentioned in their quotation of February, 1934. Out of Yen 408,925.00, Yen 40,690.00 represents the extra required for a noil spinning plant of 210 spindles, Therefore, the estimate has been put up by Yen 56,843.00 as compared with that of last year.

I enclose herewith ~~xxxxfxm~~ confirmation of a cable which I sent you today on this subject as well as my letter to the firm, dealing with their recent quotation. My cable is fairly clear and I am sure the quotation in original, which is enclosed herewith, will clear up any possible doubts.

I shall be anxiously awaiting your cable instructions as to how to proceedin this matter and it should be submitted that unlessthere is a serious/ counter offer further nogotiations are impossible. Even though the firm has not in so many ~~xxxxx~~ words told us that they are getting a little tired of carrying on these endless and fruitless negotiations, their behaviour points in that direction. This firm was approached as early as 1929 for a waste silk spinning plant and later Mr. Shamshuddin obtained two quotations, and finally we obtained another one in February 1934. Now that has been shelved in favour of their last one dated March 29th, 1935. Mr. Hunter informed me that further serious discussion with us is absolutely impossible unless we talk business definitely and seriously with our counter-offer. He opinioned that vague conversations and vague promises lead nowhere.

Another aspect of the question is that even if we should clinch the ~~xxxxxx~~ business before May 1st, 1935, they will not commence shipment of machinery before January 1936 and we may require between six to eight months for the erection of the machinery. Therefore it will not be possible to look forward to have the plant in working condition before August or September 1936. This time factor should also be borne in mind when dealing with the Japanese firm. If the proposed Waste Silk Spinning Company wants to start working very much earlier than this, it is better that we get our machinery from elsewhere. It is not possible to obtain Japanese Machinery quicker than indicated in this letter. In all our previous correspondence we have more or less assumed that we are definitely going to place an order with this Japanese firm, on account of their reputation in this country as the very best manufacturers of this type of machinery. Since the matter is under correspondence with this firm since 1929, It is only fair that we should bring the matter to a head and place orders with them or, on the alternative, tell them that we are no longer interested in their offers.

Regarding the experts, Mr. Hunter was very emphatic, He said Messrs Osaka Kikai Kosakusho would rather not ship their machinery to India than discover at a later stage that it was proved a failure on account of mishandling by the so called experts not having a proper experience of workingthe plant, Hence they insist on nominating their own expert with whom we can get into therms either by ourselves, or leave the negotiations with full trust and confidence to the machinery makers. In the alternative they are willing that we selct the experts and settle the terms, but the right of final approval of the experts selected by us ~~xxxx~~ will rest with the machinery makers, who would like to be completely satisfied as to the capacity of the experts chosen by us. I have already cabled to you the amounts or remuneration and the period of service of the experts proposed by the machinery makers, and also the proposal made by Mr. Yonemura. This is a very important point and I am still awaiting your instructions.

As at present arranged, I am leaving Japan on May 1st, and if I should not receive your final instructions regarding further nogotiations forthe plant, I shall have left instructions with Mr. Shanker, to the best of my ability, as to how to deal with this question and I shall be having another final interview with the machinery makers and come back to India with asmuch information as possible.

Copy.

for Director.

ATN.3)

Sales 7.3.1935

Copy of cable received from Mr. S.G. Sastry, Deputy Director of Industries and Commerce on deputation, Tokyo, to the Director of Industries and Commerce in Mysore, Bangalore.

OSAKA KIKAI RECOMMEND FOUR EXPERTS TWO YEARS STAY COST 1,00,000 YEN STOP YOKOHAMA ADVISES FOUR EXPERTS PLUS FOUR WOMEN OPERATIVES WORKING ONE YEAR ESTIMATED COST 60,000 YEN STOP CABLE ADVICE AND COUNTEROFFERS IF ANY FOR PLANT AND EXPERT SERVICE.

DELETE

Copy.

for Director.

ATH.4)

Kabushikikaisha Osaka Kikai Kosakusho.

No.

Mr.S.G. Sastry, B.A.,

見積書
ESTIMATE

昭和10年 3 月 29 日
1935

大阪市東淀川區豊崎西通一丁目
電話北[illegible]番
株式會社大阪機械工作所

謹啓
Dear sirs,

益々御隆昌奉大賀候陳者　　月　　日附第　　號ヲ以テ御照會被下候
In reply to your inquiries, No. , of the for , we have pleasure (本見積書有效期限)
(Subject to reply within)

見積ノ件下記ノ通リ御見積申上候間何卒御用命ノ程願上候　敬具
in forwarding you the following estimates, and awaiting to be favoured with your esteemed commands.

見積金額 (Total amount)	¥ 408,925.00 Only.
受渡場所 (Place of delivery)	F.O.B. Kobe.
製作期限 (Ttme of delivery)	Shipment: Commecing in about 8 monthe after receipt of full specification by us, and completion in about 10 months subject to strike and lock out clause.
代金受渡方法 (Payment Condition)	One third(1/3) of the Tosal Amount cash on contract, Balance cash on delivery.

項 (Item)	明細 (Description)	數量 (Quantity)	單價 @	小計 (Price)
	Wastesilk spinning & proparatory machineries of 3,000 spindles of ring spinning plant, to spin 210^{s} (metric count) Yarn of waste silk, using Mysore common waste silk.			
	SPINNING MACHINERIES.			
1)	Softening tub 6'-0" x 6'-0"	10 sets	595 00	5,950 00
2)	Steam pan 6'-0" x 6'-0"	2 sets	3,550 00	7,100 00
3)	Washing Machine water jet	1 set		1,360 00
4)	Washing Machine 12 stampers	1 set		1,980 00
5)	Hydro-Extracter 36" dia. of cage under driven, with counter shaft.	1 set		1,525 00
6)	Cocoon Opener	2 sets	1,925 00	3,850 00

OKK—21.9.8.100

項 (Item)	明細 (Description)	數量 (Quantity)	單價 @	小計 (Price)
	前葉ヨリ			
7)	Medium filling engine	7 sets	860 00	6,020 00
8)	Circular dresssing frame	10 sets	2,730 00	27,300 00
9)	Small filling engine 4 -	20 sets	615 00	12,300 00
10)	Intersecting screw gill spreader for long draft.	6 sets	1,850 00	11,100 00
11)	Intersecting screw gill spreader 2 - for short draft.	5 sets	1,750 00	8,750 00
12)	Open screw gill set frame for long draft.	3 sets	1,385 00	4,115 00
13)	Intersecting screw gill set frame for short draft.	1 set		1,475 00
12.	Intersecting screw gill drawing frame for long draft, 4 heads.	3 sets	4,650 00	13,950 00
13)	Intersecting screw gill drawing frame for short draft, 4 heads.	1 set		4,300 00
14)	Screw gill roving frame for long draft 40 spindles.	2 sets	6,450 00	12,900 00
15)	Screw gill roving frame for short draft 40 spindles.	1 set		6,350 00
16)	Double roving frame for long draft 60 spindles.	2 sets	4,950 00	9,900 00
17)	Double roving frame for short draft 60 spindles.	1 set		4,900 00
18)	Ring Spinning frame for long draft 300 spindles (Individual moter drive)	7 sets	6,400 00	44,800 00
19)	Ring spinning frame for medium draft	3 sets	6,350 00	19,050 00

項 (Item)	明細 (Description)	數量 (Quantity)	單價 @	小計 (Price)
	前葉ヨリ			
	300 spindles (Individual moter drive)			
	Qiuck traverse double winder I20 drums	2 sets	I,660 00	3,320 00
	Ring twisting frame 272 spindles (I.M.D)	5 sets	4,850 00	24,250 00
	Gassing & cleaning frame 64 lights	5 sets	2,I00 00	I2,600 00
	Controlling machine 60 spindles	2 sets	I,480 00	2,960 00
	Double reeling frame 80 hanks (40 x 2)	3 sets	650 00	I,950 00
	Bundling press	I set		590 00
	Baling press with pump for 20 bales	I set		2,750 00
	Experimental frame 40 spindles	I set		2,700 00
	20 spindles on one side for spinning			
	20 spindles on one side for twisting			
	Total----------			¥ 260,095 00
	REPARING SHOP MACHINERIES.			
	Lathe I2'-0" bad	I		5,850 00
	Lathe 8'-0" bed	I		4,I50 00
	Drilling Machine 20" swing	I		650 00
	Shaping Machine 24" stroke	I		2,850 00
	Tool Grinder	I		450 00
	Cloth Mounting Machine	I		560 00
	Gum Lathe	I		575 00
	Total----------			¥ I5,085 00
	TESTING MACHINERIES.			
	Yarn tester	I		550 00
	Twist tester	I		I60 00

項 (Item)	明細 (Description)	數量 (Quantity)	單價 @	小計 (Price)
	前葉ヨリ			
37	Sliver testing machine	I		225 00
38	Warp Reel	I		285 00
39	Yarn Inspecting machine	I		I05 00
	Total----------			¥ I,325 00
	SUB MACHINERIES.			
40	Gas Generating plant (rivetting expense of tank and all bricks excluded)	I	C.I.F. Bombay £245 C+F+B: (F.O.B. price)	2I,500 00
41	Mill gearing (excluding driving moters)	I	£308	I0,500 00
42	Drying apparatus	I	£306 ~~£422~~	3,550 00
43	Humidifiring apparatus	I	£386	8,500 00
44	Boiler & Piping (6'-0"x 30'-0" Lancasher boiler) and feed pump.	I	£422. ~~£537~~	I0,745 00
45	Water tank & pump excluding tower & rivetting expense.	I	£137	5,950 00
	Total----------		£1604	¥ 60,745 00
	BOBBINS. CANS & STICKS.			
46	Bobbin for spinning frame	30,000	I05	3,I50 00
47	Bobbin for winder	2,500	05	I25 00
48	Bobbin for Gassing frame	2,500	ØØ 30	750 00
49	Bobbin for Controlling machine	500	32	I60 00
50	Bobbin for Roving frame	7,000	40	2,800 00
51	Cans for set frame	500	3 50	I,750 00
52	Cans for Drawing frame	350	3 20	I,I20 00
53	Sticks for filling engine & Circular dressing frame	6,000	I05	630 00
	Total----------			¥ I0,485 00

(Item)	明細 (Description)	数量 (Quantity)	単価 @	小計 (Price)
	前葉ヨリ			
	Noil spinning machineries for 210 spindles plant.			
	Cleaning machine	I set		3,650 00
	Hartmann's type, dia. of cylinder 1,025 m/m, width of cylinder 980 m/m, dia. of two beater 552 m/m each, size of driving pulley 300 m/m x 110 m/m			
	Mixing machine	I set		2,550 00
	Hartmann's type, dia. of cylinder 1,025 m/m, width of cylinder 980 m/m, size of driving pulley 235 m/m x 110 m/m.			
	Noil three sets card	I set		24,500 00
	Hartmann's type, with hopper & lap drum for scribbler, with lap former for Inter, and leather tape condenser for Finisher, with four pairs rubbing leathers and four heights 35 slivers each, Dia. of cylinder 1,230 m/m width of cylinder 1,250 m/m, Dia. of doffer 850 m/m.			
	Noil ring spinning frame	I set		6,150 00
	210 spindles, 100 m/m spindle gauge, 55 m/m dia. of ring, 190 m/m total lift, band driven, 39 m/m dia. of front roller, 33 m/m dia. of back roller 16" x $3\frac{1}{8}$" dia.of driving pulley, 35 slivers for condenser bobbin, with 3 sets draft change & 10 sets twist change.			
	Card mounting machine	I set		840 00

項 Item)	明細 (Description)	數量 (Quantity)	單價 @	小計 (Price)
	前葉ヨリ			
	Bare cylinder grinder	I set		890 00
	Traverse wheel grinder	I set		200 00
	Improved Long grinding roller	I set		I8
	Wood stripping roller	I set		8
	Double roller grinding machine	I set		I,350 00
	Condenser bobbin for card	20	6 50	I30 00
	Bobbin for spinning frame	800	20	I60 00
	Excluding:- Driving belt, motor & switch.			
	Total----------			¥ 40,690
	Wages & travelling expense for 4 erecters (per head 4,500 yen) staying in India 6 months, if necessilated to work in India over 6 months, the wage to be increased 400 yen per head per month.			I8,000 00
	Wages & travelling expense for one erecter of gas retort staying in India one month, if necessilated to work in India over one month, the wage to be increased 500 yen per month.			2,500 00
	Total----------			¥ 20,500 00
	Grand Total----------			¥ 408,925 00

dated 7th march 1935

Copy of cable received from Mr. S.G. Sastry, Deputy Director of Industries and Commerce on deputation, Tokyo, to the Director of Industries and Commerce in Mysore, Bangalore.

OSAKA KIKAI RECOMMEND FOUR EXPERTS TWO YEARS STAY COSTING 1,00,000 YEN STOP YONEMURA ADVISES FOUR EXPERTS PLUS FOUR WOMEN OPERATIVES WORKING ONE YEAR ESTIMATED COST 60,000 YEN STOP CABLE ADVICE AND COUNTEROFFERS IF ANY FOR PLANT AND EXPERT SERVICE.

Copy.

for Director.

ATN.4)

Proceedings of the Govt of H.H the Maharaja of Mysore

Read:

G.O. No. D. 4490-2-Seri-107-33-6 dated the 17th Jan 35-etc.

2. Letter No. D4 233/33-34 dated 23rd Feb-1935 from the Dy I.T.C. submitting for order of Govt a letter from etc:.

Order No... etc.

Govt are pleased to generally approve of the draft Prospectus and the Articles of Association sent up by the Dy I.T.C. subject to ~~scrutiny by the Govt~~ the Advocate and to ~~these~~ their modifications wherever necessary in accordance with the terms of this order. ~~on these~~.

2. As the object of present enterprise

economical utilization of Silk waste it would be appropriate if the new Coy should be named "the Mysore Silk Waste Spinning Coy. Ltd." In view of the guarantee by Govt of dividend up to 5% for a period of 7 years Govt are not in favour of permitting the factory to expand its activities so as to cover operations other than the manufacture of spun silk during the period of guarantee.

3. The following are the conditions ~~subject to~~ which proposed in the draft Prospectus under Clause 9 subject to which the Govt concessions are to be given.

(i) That two of the Dirs will be nominated by Govt

(ii) That the election of the Chairman of the Coy as also the appointment of the Manager will be subject to the appl of Govt

(iii) That Govt will have the right to cause the a/s of the Coy to be inspected

and auditor at any time at their own cost.

(iv) That the Coy will abide generally by the advice of Govt in respect of all items of expr. during the period of guarantee and

(v) That where any difference between the Coy. and the Govt in regard to allocation of any expr. or any other matter connected with the ascertainment of profits the matter is to be referred to the Dist Judge Bangalore for arbitration and decision.

With regard to clause (i) above Govt will have the right to nominate ~~one~~ two Govt directors on the Board ~~will be 2 so~~ long as the total no. of directors will be only 7. Should the total number be increased ~~upto~~ beyond 10 Govt will have the right to nominate one more Director. Govt Board will also have the right to cause the Factory & the machinery to be examined at any time & to require the Coy. to furnish such information & accounts and reports as may be called for by Govt from time to time.

During the period of guarantee excess return over 5% would be available to repay any portion of guaranteed interest paid by them.

Subject to the above modifications the conditions proposed as in the draft Prospectus are approved.

4. out of an authorized share capital of Rs 5 lakhs divided into 50,000 shares of Rs 10 each Govt. will undertake to subscribe for shares up to the value of Rs. 50,000 if the shares are not fully subscribed by the public.

The arrangements suggested by them Dr. of I.T.C. of for underwriting up to 25000 shares on a commission of not more than 1½% including brokerage are approved.

5. Govt. are pleased to accord approval to the constitution of a provisional Board of Dirs comprising of the following members :-

1. Rajasabhabhushana
Mr. K.R. Srinivasa Iyengar
(Chairman)

2. Mr Devras Sivaram.
3. " N.G. Naik.
4. " M.S. Basavanna Devaru Mamballi
5. " F.M. Abdul Khuddus Cheemapatna
6. " The Dir of I+C
7. " The Comptroller to the Govt.

6. The services of Mr K.S Din Khan B.A. Asst Supdt of Sericulture is will be made available to the Coy: for a period of two years for employment as General Manager During this period he will continue to be in general charge of the work of the Cheemapatna Farm. Mr Sheemuddin Khan will be allowed a salary of Rs 500/- p.m. by the Coy: of which Govt contribute Rs 200/- p.m He will be expected to stay not less than 2 days in the week at Cheemapatna and his T.A will be borne by the Govt or the Coy: in accordance with the programme of the journeys performed by him.

6.

Separate orders will be passed on the proposals of the Dy in regard to Messrs A.T. Janakiram & B.S. Venkata Rao.

Seq to Govt Dept 26/4

The Director of I & C in Mysore
The Comptroller thro' Financial Secy

copy to the Hon: President of the Mysore Silk Association

Proceedings of the Government of His Highness the Maharaja of Mysore.

R e a d --

Government order No. D. 4490-2/Seri. 107-33-6 dated the 17th January 1935 sanctioning certain con-cessions to the Silk Waste Spinning Factory when the same is started in the State and directing the Director of Industries to take necessary further action in regard to the establishment of the Factory on a joint-stock basis.

Letter No. D4-233/33-34 dated 23.2.1935 from the Director of Industries and Commerce submitting a letter from Rajasabhabushana K. R. Srinivasiengar, M.A Hony. President, Mysore Silk Association, enclosing a draft prospectus and Memorandum and Articles of Association for the starting of a joint-stock concern under the name of "The Mysore Silk Mills Ltd" with the above object together with his recommendations in the matter.

Order No. D.

Govt observe that the object of the present enterprise is only the proper utilization of the Silk Waste only and the new company may be named as Mysore Silk Waste Spinning Factory Ltd. Govt having agreed to guarantee 5% dividend for a period of seven years for the Factory intended solely for the manufacture of Spun Silk from Silk waste, the Factory cannot be permitted to expand its operations for all purposes connected with Silk Industry in the State as proposed in the Draft Memorandum.

~~Order No. Dated, Bangalore,~~ the Government are pleased to accord their approval to the draft prospectus ~~and Memorandum~~ and Articles of Association with the necessary alterations and direct that further action be taken after consulting the Government Advocate who is proposed to be appointed the Legal Adviser of the proposed company. The Memorandum of the proposed factory is hereinto returned for revision & resubmission.

Government are pleased to direct that 5,000 shares of the value of Rs 10/- each may be subscribe in their name if necessary, i.e., to the extent to which the shares are left unsubscribed by the publi upto this limit

being made for the under writing upto 25,000 shares on a commission not exceeding 1½ per cent inclusive of broker -age.

They are pleased to nominate the Director of Industries and Commerce and the Superintendent of Sericulture as Ex Officio Government Directors of the concern, and to approve of the proposal to elect Raja Sabhabushanam K. P. Srinivasarayan as Chairman. The other directors will be elected by the Board of Directors.

Government are pleased to direct that the services of Mr. K. Shamsuddin Khan, B.A., Assistant Superintendent of Sericulture be made available to the Mysore Silk Mills Ltd., for a period of two years for employment as General Manager. During that period he will be paid Rs. 500/- per mensem by the Company. He would however be responsible for the general supervision of work in the Chennapatna Silk Farm with the assistance of Mr. A. T. Janakiram, Senior Sericultural Inspector, who will be appointed Manager of the Farm and Circle during Mr. Shamsuddin Khan's employment under the Mysore Silk - Mills Ltd.

The Government will pay Rs. 200/- a month to the Mysore Silk Mills Ltd., to their share of Mr. Shamsuddin Khan's pay. Mr. Shamsuddin Khan will be expected to spend not less than two days a week at Chennapatna for supervising the work of the Farm and Research Station and the training of Graduates and others at Chenna -patna. The T. A. of Mr. Shamsuddin will be borne by the Company or the Government according to the purpose of the journeys performed by him.

Separate orders will be issued re the proposals of the Director in regard to Messrs A.T. Janakiram and B.S. Venkatarao

The proposals of the Director ~~to~~ in regard to ~~appoint~~ Mr. A. T. Janakiram, B.Sc., ~~as~~ + m B.S. Manager of the Silk Farm and Circle at Chennapatna, on his grade pay plus Rs 20/- during the absence of Mr. Shamsuddin Khan on other duty and to appoint Mr. B. S. - Venkata Rao, B.Sc., as Technical Assistant to the Manager on Rs 55/- permensem are - approved.

Development Secretary.

To the Dir of ~~Dept~~ in connection thro Finance

Copy to the

~~Sir~~ Hony President of the Mysore Silk Association

: Preamble

Order No. etc. : —

Govt consider that as the object of the present enterprise is the economical utilization silk waste only it would be appropriate that the new company should be named "the Mysore Silk Waste Spinning Co Ltd". In view Govt undertaking to guarantee 5% dividends on the shares of the Co for a period of 7 years they are not in favour of permitting the factory to expand its activities as to cover operations other than the manufacture of spun silk as proposed in the draft memorandum.

Govt generally approve of the draft prospectus and Articles of the Association subject to the modifications suggested therein and direct that further action may be taken after consulting the Govt Advocate.

Out of an authorized share capital of Rs 5 lakhs made up of shares of 10 Rs each Govt will take up shares to the extent of Rs 50,000 if necessary, should the public subscription fall short by to that extent.

Arrangements suggested by the Dept of Fin. for underwriting up to 25000 shares on a commission of not more than ½% including brokerage are approved

Govt are pleased to approve of the Constitution of a Board of Directors consisting of the following members:-

1 Rajasabhabhushana K.P. Srinivasa Iyengar (Chairman)

2 Mr. Devaraja Urs

3 Mr. B.D. Naik

4 Diwan Bahadur Sir M. Visvesvaraya

5 " F.M. Abdul Khuddus

6 " The D^r of I and C

7 " The Comptroller to the Govt of Mysore.

The D^r of I & C and the Comptroller to the Govt will be Ex-officio Govt Directors on the Board.

The services of Mr K. Shamsuddin Khan B.A. Asst Supdt of Sericulture will be made available to the Co. for a period of two years for employment as General Manager. During that period Mr. Shamsuddin Khan will be allowed a salary of Rs 500 p.m. by the Co., and the Govt will pay Rs 200 per month to the Co as their share of it. In addition to his work as G.M. Mr Shamsuddin Khan will be responsible for the general supervising work in the Chennapatna Farm and will be expect to stay not less than 2 days in the week at Chennapatna. His T.A. will be borne by the Govt and the Co in accordance with the purpose of the journey performed by him.

Separate order will issue on the proposals of the D^r in regard to Messrs M.T. Janakiram & B.S. Venkata Rao.

B.O.

Secy to Govt

Dev: Dept.

Proceedings of the Govt. of H. H.
the Maharaja of Mysore.

Read:-

G.O. No. D. 4490-2/Seri. 107-33-6, dated the 17th January 1935 sanctioning certain concessions to the Silk Waste Spinning Factory when the same is started in the State and directing the Director of Industries & Commerce to take necessary further action in regard to the establishment of the Factory on a joint stock basis.

2. Letter No. D.4. 233/33-34, dated 23rd February 1935 from the Director of Industries and Commerce, submitting a letter from Rajasabhabhushana Rao K.R. Srinivasaiengar M.A., Hony. President, Mysore Silk Association, enclosing a draft prospectus and Memorandum and Articles of Association for the starting of a joint-stock concern under the name of "The Mysore Silk Mills Ltd" with the above object together with his recommendations in the matter.

Order No.

Government consider that as the object of the present enterprise is the economical utilisation of silk waste only, it would be appropriate ~~to~~ that the new Company should be named "The Mysore Silk Waste Spinning Co., Ltd." In view of the ~~Government undertaking~~ to guarantee the Govt upto 7 dividends ~~on the shares of the company~~ for a period of 7 years, they are not in favour of permitting the Factory to expand its

activities so as to cover operations other -- than the manufacture of spun silk as proposed in the draft memorandum.

Government generally approve of the draft prospectus and Articles of the -- Association with the modifications suggested therein and direct that further action may be taken after consulting the Government Advocate.

Out of an authorised share capital of Rs. 5 lakhs ~~made up by~~ divided into 50,000 of shares of Rs. 10/- each, Government ~~will take~~ undertake to subscribe for up to ~~the extent~~ value of Rs. 50,000/- if ~~necessary should there be any deficiency in the number of shares taken by the public subscription fall short to that extent~~. the shares are not fully subscribed for by the public.

The arrangements suggested by the Director of Industries and Commerce for underwriting up to 25,000 shares on a commission of not more than 1½% inclusive of brokerage are approved.

Government are pleased to approve of the constitution of a provisional Board of Directors ~~which will be consisting~~ comprised of the following members:-

1. Rajasabhabhushana Mr.K.R.Srinivasa Iyengar (Chairman)
2. Mr.Devrao Sivaram
3. " N.G.Naik
4. " M.S.Basavanna Devaru Mamballi
5. " F.M.Abdul Khuddus, Chennapatna.
6. The Director of I & C.
7. The Comptroller to Govt.

The Director of I&C and the Comptroller to Government will be the ex-officio Government Directors on the Board.

The services of Mr.K.Shamsuddin Khan, B.A., Assistant Superintendent of Sericulture will be made available to the Company for a period of two years for employment as

General Manager. ~~During that period~~ Mr.Shamsuddin Khan will be allowed a salary of Rs.500/- per mensem by the Company ~~and~~ which the Government will ~~pay~~ contribute Rs.200/- ~~every~~ a month. ~~to the Company as their share of it.~~ ~~In addition to his work as General Manager~~, Mr.Shamsuddin Khan will be ~~responsible for the general supervision of work in the Channapatna Farm and will be~~ expected to ~~stay~~ Stay not less than 2 days in the week at Channapatna. ~~His~~ and his T.A. will be borne by the Government ~~and~~ or the Company in accordance with the purpose of the journys performed by him.

During this period he will continue to be in charge of general supervision of work at the Channapatna Farm.

Separate orders will issue on the proposals of the Director in regard to Messrs. A.T.Janakiram and B.S.Venkata Rao.

~~B. C.~~

Secretary to Govt.
Development Deptt.

25/3

To

The Director of I & C.

" Comptroller to Govt. thro' Finl. Sectt.

Copy to the Hon: President of the Mysore Silk Association.

Copy of the Proceedings of Government are also sent herewith for information.

Proceedings of the Government of H. H.
the Maharaja of Mysore.

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2 annexes.

R e a d:-

G.O.No.D.4490-2/Seri.107-33-6, dated the 17th January 1935, sanctioning certain concessions to the Silk Waste Spinning Factory when the same is started in the State and directing the Director of Industries and Commerce to take necessary further action in regard to the establishment of the Factory on a joint stock basis.

2. Letter No.D4.233/33-34 dated 23rd February 1935, from the Director of Industries and Commerce, submitting a letter from Rajasabhabhushana Mr.K.R.Srinivasaiengar, M.A., Hony. President, Mysore Silk Association, enclosing a draft prospectus and Memorandum and Articles of Association for the starting of a joint-stock concern under the name of "The Mysore Silk Mills Ltd.," with the above object together with his recommendations in the matter.

ORDER NO.

Dated, Bangalore, the • March 1935.

Government consider that as the object of the present enterprise is the economical utilisation of silk waste ~~only~~, it would be

be appropriate that the new Company --- should be named "The Mysore Silk Waste Spinning Co., Ltd.". In view of the -- guarantee by Government of dividend up to 5% for a period of 7 years, they are not in favour of permitting the Factory to expand its activities so as to cover operations other than the manufacture of spun silk, as proposed in the draft memorandum.

In regard to the proposed prospectus and the Articles of Association, Government direct that they may be modified suitably in accordance with the terms of this order and that further action may be taken after consulting the Government Advocate.

Government will have the right to cause the Factory and the machinery to be examined at any time and to require the Company to furnish such information accounts and reports etc., as may be called for by them from time to time.

Out of an authorised share capital of Rs.5/- lakhs divided into 50,000/- shares of Rs.10/- each, Government undertake to subscribe for shares up to the value of Rs.50,000/- if the shares are not fully subscribed for by the public. The arrangements suggested by the Direc-

Director of Industries and Commerce of underwriting up to 25,000/- shares on a commission of not more than 1½% inclusive of brokerage are approved.

Government are pleased to approve of the constitution of a provisional Board of Directors composed of the following Members :-

1. Rajasabhabhushana Mr.K.R.Srinivasa Iyengar, (Chairman)
2. " Devrao Sivaram,
3. " N.G. Naik.
4. " M.S.Basavanna Devaru Mamballi
5. " F.M.Abdul Khuddus, Chennapatna.
6. The Director of Industries and Commerce.
7. The Comptroller to Governmen

The no. of Government Directors on the Board will be 2 so long as the total no. of Directors is 7.

The services of Mr.K.Shamsuddin Khan B.A., Assistant Superintendent of Sericulture will be made available to the Company for a period of two years for employment as General Manager. During this period he will continue to be in general charge of the work at the Channapatna Farm. Mr. Shamsuddin Khan will be allowed a salary of Rs.500/- per mensem by the Company of which the Government will contribute Rs.200/- a month. Mr. Shamsuddin Khan will be expected to stay not less than 2 days in the week at Channapatna and his T.A. will be borne by the Government or the Company in ac-

accordance with the purpose of the --- journeys performed by him.

Separate orders will issue on the proposals of the Director in regard to Messrs. A.T. Tajakiram and B.S.Venkata-Rao.

Secretary to Government,
Development Department.

The Director of I.&.C. in Mysore.
Comptroller to Government, THRO' the Financial Secretariat.

Copy to the Hon. President of the Mysore Silk Association.

K.M.R.1/22.4.35.